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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Thursday, May 25, 1995

No. 34,909

Clinton Makes Light of New Shooting at White House

'Just Another Day' As Intruder Draws Secret Service Fire

Compiled by Our Staff From Dispatches
WASHINGTON — President Bill Clinton on Wednesday shrugged off a new security breach at the White House, in which an intruder and a Secret Service agent were shot, calling the incident "just another day at the White House."

Federal prosecutors prepared assault and firearms charges on Wednesday against the late-night intruder, who scaled a White House fence and raced toward the presidential mansion with an unloaded pistol before officers shot him.

The intruder, Leland William Modjeski, 37, was stopped not far from where Mr. Clinton had stepped from his limousine just a half hour earlier. A Secret Service agent was wounded as he scuffled with Mr. Modjeski, apparently by the same shot that brought down the gunman.

It was the third serious breach of White House security in a year. Because of heightened security concerns, the Secret Service on Saturday closed down Pennsylvania Avenue outside the north fence.

"We were never in any danger," Mr. Clinton was quoted as saying by the White House spokesman, Michael McCurry. "The Secret Service did a great job. They were right on it, they were terrific."

Mr. Modjeski was brought down 30 to 50 yards (27 to 45 meters) from the White House. The man, from Falls Church, Virginia, just outside Washington, had recently been dismissed from his job as a pizza deliveryman, police said. But they offered no motive for the fence-jumping and were questioning his wife.

The police said they did not believe Mr. Modjeski intended to kill the president. "At this time, there is nothing to indicate it was an attempted assassination."

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AGENDA

Car Bomb Kills 4 at Lima Hotel

LIMA (AFP) — A car bomb exploded in front of a luxury hotel and casino here Wednesday, killing four people.

No one claimed responsibility, but the authorities' suspicions immediately fell on the Maoist-inspired Shining Path guerrilla group.

The bomb, 80 kilograms (175 pounds) of dynamite in a Lada automobile, detonated at 4:20 A.M., blasting the facade of the Maria Angolia hotel and causing widespread damage in the chic Miraflores district.

Shortly before the blast, five to seven heavily armed men burst into the hotel's casino and ordered people onto the floor in an apparent robbery, witnesses said. The police were unable to say if the two episodes were related.

Attorney General Blanca Nelida Colán indicated that at least one suspect had been arrested near the hotel, where two guards and an employee at the casino were killed immediately.

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AJAX WRENCHES CUP FROM MILAN, 1-0 — Ronald de Boer of Ajax, left, fighting Marco Simone of AC Milan for the ball in the European Champions Cup. Patrick Kluivert, a substitute, scored the winning goal. Page 20.

Broad Backlash on Trade Threat Surprises U.S.

By Alan Friedman
International Herald Tribune

PARIS — It's not easy being the world's last surviving superpower and having to adjust to the realities of a multilateral world.

Life, in fact, has become much rougher for the United States and its top trade emissaries ever since May 16, when President Bill Clinton decided to threaten Japan with \$5.9 billion of punitive car tariffs.

For one thing, Washington has found itself under relentless attack not only from its own allies in Europe. This is especially true in the U.S. officials who are convinced that they are doing "the Lord's work," as one put it, and work that will benefit Europe as well.

Washington appears to have been caught off guard by the criticism, and in recent days has seemed less confident and more isolated as it has tried to make its case about prying open the Japanese car market.

On Wednesday, the United States had to spend hours negotiating to block a proposed

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condemnation of its sanctions threat that Japan wanted included in an international communiqué — and one issued by the normally anodyne Organization for Economic Cooperation and Development. (Page 10)

The truth is that Tokyo has not only refused to bow to U.S. pressure; it has begun to assert itself, aggressively, and in

precisely the way it has been urged to by the United States — only this time against the United States.

The European Union, meanwhile, has sought to curry favor with Japan, attacking the U.S. sanctions threat repeatedly over the past seven days as "illegal" and "damaging to the world trading system."

On Wednesday, Sir Leon Brittan, the European Union's trade commissioner, entered the fray again, this time warning that the EU would bring a complaint to the World Trade Organization if the U.S. secures a car deal in Japan that discriminates against European manufacturers.

Several U.S. officials said they perceived a gap between the private beliefs and the public rhetoric of Europeans such as Sir

Israelis and Syrians Reach Agreement in Security Discussions

U.S. Says Foes Will Work Out the Details Of Withdrawal From the Golan Heights

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Israel and Syria have broken a logjam in negotiations over security arrangements that would accompany a peace agreement, opening the door to a new round of direct talks between senior military officers of the two countries to work out the details, the State Department announced Wednesday.

While U.S. and Israeli officials stressed that the agreement was a modest step on what is still a long, bumpy road to peace, they were clearly elated by the removal of an obstacle that had stalled negotiations for months.

It represented the first time since the current framework of Middle East diplomacy was established in Madrid in October 1991 that Israel and Syria had actually agreed on anything, the officials also declared.

The agreement consists of "guidelines" or "parameters" that will enable senior military officers and security experts to negotiate details of early warning systems, demilitarized areas, troop pullbacks, weapons deployment limits and other security arrangements that would be put in place in the event of a peace treaty, senior officials said.

"This is an important development, but there still are significant gaps between the parties and there is much hard work to be done on the security arrangements, and on all the nonsecurity issues," Secretary of State Warren M. Christopher said in a statement read by the State Department spokesman, Nicholas Burns.

Mr. Christopher plans to visit the Middle East next month for the first time since March.

After the visit, senior Israeli and Syrian military officials will confer in Washington to negotiate details of the security arrangements, Mr. Burns said.

It will be the U.S. secretary's 13th trip to the region.

Israel's decision earlier this week to suspend a plan to confiscate Arab land in East Jerusalem to build a police station and housing for Jews was critical to the agreement to proceed with the security talks, officials said.

Had Israel gone ahead with the confiscation plan and the Arabs condemned it at a planned summit meeting, "we would have been in a much different situation," a State Department official said.

In telephone conversations with Mr. Christopher on Tuesday and Wednesday, Foreign Minister Fawuk Shara of Syria appeared to have offered a modest concession on a crucial point of definition that had stalled the negotiations for several months.

In discussions of mutual troop withdrawals that might accompany the return of the Israeli-occupied Golan Heights to Syria as part of a peace agreement, Syria has insisted that the redeployments and security zones be "mutual, balanced and equal."

Israel insisted that it would not accept geographic equality because of the disparity in size between the two countries and the fact that the Golan overlooks Israel's populated heartland.

Instead, Israel sought symmetry of effect. Syria has now accepted a formulation that is agreeable to Israel, sources familiar with the negotiations said.

Reuters reported from Washington: Earlier this week, Mr. Christopher had ruled out a return to the Middle East in the weeks ahead. Syria had complained that U.S. security proposals for the Golan failed to take into account Israel's military edge.

The sudden narrowing of differences is a step toward Israel's surrender of the land, which it captured during the 1967 Middle East War and formally annexed in 1981.

Prime Minister Yitzhak Rabin of Israel had indicated he would exchange the territory for peace with Syria provided that Israel's security was protected.

By the end of the month, Israeli and Syrian military security experts are to come to Washington to join the sporadic negotiations that Ambassadors Itamar Rabinovich of Israel and Walid Moualem of Syria have held over the past several months.

The two nations began their negotiations in October 1991.

From the outset, President Hafez Assad of Syria has insisted on nothing less than the full recovery of the entire Golan Heights.

Mr. Rabin campaigned to be prime minister with a pledge not to "go down" from the Golan border plateau. After his election, though, he changed his stance.

The U.S. announcement, read by Mr. Burns, said the agreement covered "general terms of reference."

Mr. Christopher said that the U.S. special Middle East coordinator, Dennis Ross, would visit the region next week.



Women running for cover on Wednesday as fighting escalated around Sarajevo. Officials said phosphorus shells were being used to intimidate civilians.

UN Warns Bosnian Foes They Risk NATO Air Strikes

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — The United Nations issued an ultimatum Wednesday to the Bosnian government and the Serbs to stop fighting around Sarajevo or face air strikes by the North Atlantic Treaty Organization.

The UN commander in Bosnia, Lieutenant General Rupert Smith, said four heavy weapons that have been taken out of UN-monitored storage depots around the city must be returned by noon Thursday.

All other weapons in a 20-kilometer (12.5-mile) zone around the besieged Bosnian capital that is supposed to be free of such weapons must be cleared out or turned in 24 hours later, he said.

"Failure to comply with either deadline will result in the offending party or parties being attacked from the air," General Smith said.

As fighting intensified, the United States criticized the United Nations Wednesday for having failed to call air strikes in Bosnia, saying the Bosnian Serbs were being allowed to "act with impunity."

The UN ultimatum came after a day of vicious fighting for control of a strategic hill south of the city center. The fighting, which spread to the west and north of the city, killed at least six people and injured dozens.

NATO jets flew low over the front line on Wednesday but did not attack. They have not attacked since a series of raids last November that dramatically raised tensions between the United Nations and the Bosnian Serbs. The Serbs detained hundreds of peacekeepers, and the United Nations has been reluctant to call in air strikes since then.

In a statement issued Wednesday eve-

ning, the UN chief in the former Yugoslavia, Yasushi Akashi, said the use of heavy weapons around Sarajevo was "extremely dangerous and volatile" and could not be tolerated.

The surge in fighting Wednesday came after a week of building tensions that followed the heaviest shelling to rock Sarajevo in two years.

It also seemed linked to the failure of U.S. efforts to further isolate the Bosnian Serbs by driving a new wedge between them and their former mentor, President Slobodan Milosevic of Serbia.

The fighting was concentrated around Dobro Brdo, a heavily fortified hillside just south of central Sarajevo.

The Bosnian Serbian forces tried last week to neutralize Bosnian Army gunners on the hillside who were targeting a strategically important road connecting Serbian-held territories south and east of the city.

Dozens of shells exploded on confrontation lines and in streets of central Sarajevo, spewing thick, white, low-lying smoke. UN military officials said they appeared to be white phosphorus shells, apparently fired to intimidate civilians.

Some of the firing into the city was with weapons taken from the UN arms collection points, which were set up in February 1994 as part of a ban on heavy weapons around the capital under threat of NATO air strikes. Raids on such depots have grown as the threat of air strikes has faded.

The fighting followed an inconclusive U.S. diplomatic push to get Mr. Milosevic to recognize Bosnia-Herzegovina, a move that would increase pressure on Bosnian

See BOSNIA, Page 10

Pretoria's Retired Officers Seek New Wars

By Howard W. French
New York Times Service

PRETORIA — To the old apartheid regime and its supporters, they were heroes, fighters who in units with names like Selous Scouts or Crowbar carried out devastating clandestine operations against neighboring countries or propped up clients of South Africa.

To most of its neighbors, they were seen as brutal enforcers of South Africa's unchallenged dominance in the region.

With the apartheid era now over and the Cold War a memory, South Africa's special forces briefly found themselves without a role. But now, with civil wars still dotting the continent and outside powers less interested than ever in becoming involved, scores of retired officers have

signed on with a new breed of outfit that straddles the line between the role of classic foreign adviser and outright guns for hire.

Nowhere have these outfits played a larger role than in Angola, which has been embroiled in civil war for most of the past two decades.

There, a Pretoria-based company known as Executive Outcomes has been credited with quickly turning around the civil war in favor of the nominally socialist government, and forcing a settlement on Jonas Savimbi, leader of the badly battered rebel movement known as UNITA, the National Union for the Total Independence of Angola.

In the proxy conflicts in sub-Saharan Africa during the Cold War, many of the 500 or so South African recruits with Executive Outcomes fought alongside Mr. Sa-

Year-Old 'Chunnel' in Financial Straits

By Richard W. Stevenson
New York Times Service

DOVER, England — Sitting aboard the ferry *Fride of Burgundy* as it steamed toward France, Kenneth Poulter said he had no intention of trying the Channel Tunnel, the undersea link that was supposed to revolutionize travel between Britain and the Continent.

"I can't see the point of sitting down there in a long tunnel," Mr. Poulter said, heading for a three-day weekend in France. "We regard the actual crossing as part of the vacation, and the ferry is a much more pleasant way of doing that."

At more than \$15 billion, the 50-kilometer (31-mile) tunnel is one of the most expensive building projects in history, and the biggest to be financed without taxpayers' money.

In providing a fixed link between France and Britain, it is fraught with political and cultural significance. In making reality of a centuries-old dream, it displayed such engineering prowess that its very completion once seemed a promise of success.

But a year after its official opening, and six months after it began carrying paying passengers, the Channel Tunnel is trying desperately to avert financial collapse.

Its debt burden is crushing. Its efforts to get up and running at full speed remain plagued by delays. As Mr. Poulter's attitude suggests, it faces stubborn public skepticism, with ridership far short of its goals.

By its own reckoning, Eurotunnel, the publicly traded British-French company that manages the tunnel, has from now until the end of September, the peak

travel season, to prove to its increasingly nervous bank lenders that it can solve its problems and start winning over travelers.

"We only have the summer of '95 to prove what we can accomplish," said Sir Alastair Morton, co-chairman of Eurotunnel.

If it succeeds, the 225 banks, led by Midland Bank and National Westminster Bank of Britain and Credit Lyonnais and Banque Nationale de Paris of France, are likely to keep the company afloat by extending more credit to cover \$1.5 billion in annual interest on nearly \$13 billion in debt. If not, the banks will almost certainly pull the plug.

Not that the tunnel would close. But shareholders would be wiped out or see their already battered investments dilu-

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Newstand Prices	
Andorra	9.00 FF Luxembourg
Antilles	11.20 FF Morocco
Cameroon	1.400 CFA
Egypt	E.P. 5000
France	9.00 FF
Gabon	980 CFA
Greece	350 Dr.
Italy	2,800 Lire
Ivory Coast	1,120 CFA
Jordan	1 JD
Lebanon	US\$ 1.50
U.S. M.L. (Est.)	\$1.10

Dow Jones	
Up 1.72	4438.16
Trib. Index	
Up 0.59%	121.01
The Dollar	
DM	1.4388
Pound	1.5749
Yen	87.175
FF	5.114

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Court's Constitutional Near-Miss

By Linda Greenhouse
New York Times Service

WASHINGTON — The surprise in the Supreme Court's decision on term limits was not the result: Ever since the court agreed last June to decide the case, it had been widely assumed that the justices would find state-imposed limits on congressional terms to be unconstitutional.

Nor did the surprise lie in the divided vote. The case, argued last November, was the oldest undecided one on the court's docket, suggesting that a struggle of some dimension was un-

der way that would be unlikely to produce a unanimous ruling. Rather, the startling aspect of Monday's 5-to-4 decision in *U.S. Term Limits v. Thornton* was how close the court came to

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rewriting the script of modern constitutional law and of long-dominant political thought.

Justice Clarence Thomas's dissenting opinion, signed also by Chief Justice William H. Rehnquist and by Justices Sandra Day O'Connor and Antonin Scalia, would have deposed the federal government from its primary role in the con-

stitutional system and resurrected the states as the authentic organs of democratic government.

Taking the opinion at face value, and recognizing that the court would not actually go so far in the crucible of a real case, it is only a slight exaggeration to say that the dissent brought the court a single vote shy of reinstating the Articles of Confederation, the affiliation of sovereign states that the Constitution replaced with the federal system in 1789.

"It is hard to overstate the importance of how close they came to something radically different from the modern understanding of the constitution," said Laurence H. Tribe, a professor at the Harvard Law School.

Furthermore, it is barely a month since the same four justices, joined then by Justice Anthony M. Kennedy to make a 5-4 majority, ruled in *United States v. Lopez* that the authority of Congress to regulate interstate commerce did not reach as far as it had been generally assumed for nearly 60 years. The court held in that case that Congress did not have the power to make it a federal crime to possess a gun near a school.

The two events — what the court accomplished in the *Lopez* decision and what the dissenters nearly achieved this week — have together put in play for the first time in a half-century fundamental questions about the essential nature of the federal government.

While the dissenters fell short this week, they framed the terms of the debate, retrieving it from the scholarly journals and

research organizations to which it had long been relegated and placing it center stage at the Supreme Court.

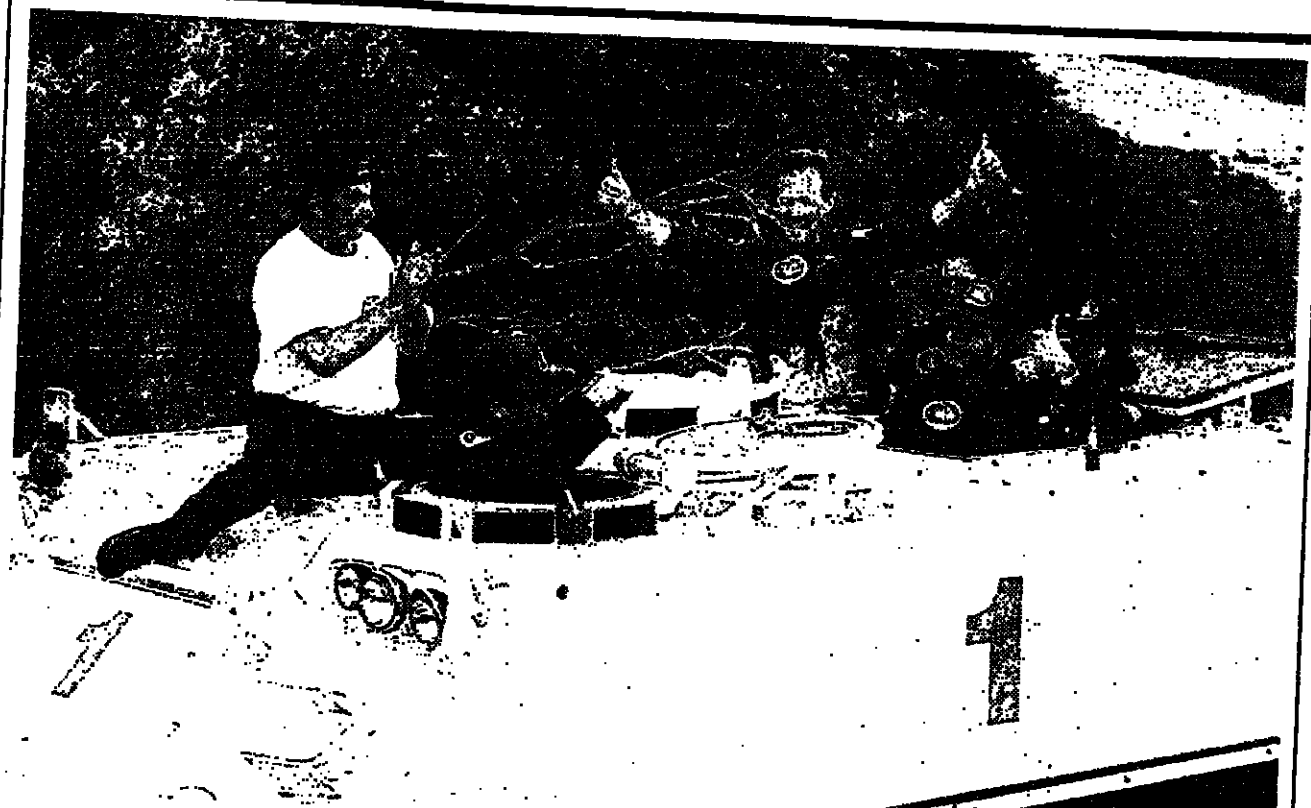
"The court is reaching the question at the heart of it all: Did we authorize all this government?" said Roger Pilon, an enthusiastic supporter of the court's new focus who runs the Center for Constitutional Studies at the Cato Institute, an influential libertarian research organization here.

Cheerfully conceding that the underlying question was one of the legitimacy of the national government, Mr. Pilon said: "When you ask the question 'by what authority?' you are asking the most fundamental question in law and in politics. And it's absolutely consistent with the mood of the country that wants to get Washington off our backs."

Justice John Paul Stevens, the 75-year-old liberal Republican who wrote the majority opinion striking down state-imposed term limits, is really the court's "most reactionary member," Mr. Pilon said. "He is defending the ancient regime" of centralized federal power that is enshrined in the court's modern precedents.

He added that Justice Thomas, at 47 the court's youngest member, was "speaking for the future" in his states' rights dissent.

Whether that is an accurate forecast of the court's balance of power depends in part on where Justice Kennedy casts his vote as the debate continues to unfold and, more saliently, as the 1996 presidential election approaches, on future appointments to the court.



BILATERAL CHEERS — Anatoli Soloviyev, a Russian astronaut, in hatch at left, being cheered by his trainer and crew members after driving an escape vehicle at Kennedy Space Center in Florida during space shuttle training.

Away From Politics

• A series of strong earthquakes shook Anchorage, Alaska, but caused only minor damage, officials said. The earthquake measured 5.7 on the Richter scale, said Alec Medbery of the Alaska Tsunami Warning Center in Palmer, and was followed by aftershocks that measured 4.5 and 4.1. (Reuters)

• The man who hijacked a 60-ton tank from a National Guard armory in San Diego and went on a car-crunching rampage had a blood-alcohol level three times the legal limit. Shawn Timothy

Nelson, a 35-year-old army veteran who had tank training in Germany, was shot and killed by the police after the tank got caught on a highway barrier. (AP)

• The deadliest problem among blacks with heart disease, not clogged arteries or loss of pumping power — a finding that may help explain why blacks with heart disease have a higher death rate than whites. The study, published in the *Journal of the American Medical Association*, said that 37 percent of deaths among the 1,089 black subjects were attributable to enlargement of the heart's main pumping chamber. (AP)

• One of the world's most sophisticated weather satellites was orbiting Earth after its release by NASA. The satellite is expected to improve the forecasting of hurricanes, tornadoes, flash floods and other storms. (AP)

• Taking a stand on one of medicine's most contentious ethical issues, an expert committee of the American Medical Association says it should be permissible to take organs from anencephalic babies while they are alive. Babies with anencephaly are born with a brain stem, which allows them to breathe and their hearts to beat, but they are missing the rest of the brain. (NYT)

POLITICAL NOTES

Clinton Backs Off 'Counterbudget'

WASHINGTON — President Bill Clinton has backed away from a weekend pledge to produce a "counterbudget" that eliminates the deficit within a decade.

In an abbreviated news conference called to explain his latest budget bargaining position, Mr. Clinton said that balancing the budget within seven years, as House and Senate Republicans propose, would require "massive tax increases or massive budget cuts" that would hurt Americans. Instead, he said, "All Americans should be committed to bringing our budget into balance within a reasonable amount of time that we all can determine."

Mr. Clinton sidestepped questions Tuesday about whether he was still committed to the time frame he outlined in a weekend radio interview with four New Hampshire reporters, when he said: "I think it clearly can be done in less than 10 years. I think we can get there by a date certain."

Senate Republican leaders had hammered the president for touting a "secret plan" to balance the budget while criticizing Republicans for doing the politically unpopular things that are essential to achieve that goal.

Bob Dole of Kansas, the leader of the Senate's majority Republicans, said "it seems to me it's a little late" for Mr. Clinton to be promising a plan of his own "after all his efforts to scare senior citizens, to scare families" in an effort to undermine the Republican's plan. (WP)

Commerce Department: 'It's Dead'

WASHINGTON — Congressional Republicans have issued a blueprint for dismantling the Commerce Department, saying they would eliminate six major programs, scatter the remainder across the government and save nearly \$8 billion over five years.

"The Commerce Department is history. Put a fork in it," said John Kasich of Ohio, chairman of the House Budget Committee. "It's dead."

House Republicans have pledged to eliminate four cabinet departments. Commerce is the first target, and the House task force seeking to kill the department plans to introduce its legislation within a week, aides said.

The Republican proposal would break up the National Oceanic and Atmospheric Administration, which makes up more than 40 percent of Commerce's \$4.2 billion budget, and terminate the Economic Development Administration, the Travel and Tourism Administration and the Minority Business Development Agency.

Commerce Secretary Ronald H. Brown called the proposal "ill-conceived and dangerous to America's economic growth and competitiveness." Commerce officials said that they were skeptical about the cost savings claimed by Republicans and that they feared the proposed agency consolidations might blur or undercut programs promoting trade exports.

But the Republicans said the government was too big and that cutting bureaucracy would help balance the budget by 2002 and provide Americans with tax relief. The announcement about the Commerce Department won endorsements from Mr. Kasich and another top House Republican leader, Gerald B.H. Solomon of New York, the chairman of the Rules Committee, and from Mr. Dole in the Senate.

Robert A. Mosbacher, a Bush administration commerce secretary, endorsed the House plan, saying the department's mission to enhance economic opportunity for Americans had been "diluted by more than a hundred programs and shared authorities with 71 other federal agencies." (WP)

Clinton Opposes Arms Sale 'Code'

WASHINGTON — The Clinton administration has declared that it opposes a "code of conduct" drafted by some members of Congress to block U.S. arms sales to countries that commit human rights abuses or are not democratic.

At a Senate hearing, Undersecretary of State Lynn Davis criticized the proposed code on grounds that its rigid criteria for arms sales would impinge on the administration's authority to decide foreign policy and could force a cutoff of military aid to friendly nations in regions important to U.S. interests.

The proposed code states that U.S. military assistance and arms transfers should be provided only to nations with governments chosen by free elections that protect basic freedoms and are not engaged in "gross violations of internationally recognized human rights." (WP)

Quote / Unquote

Senator Dale Bumpers, Democrat of Arkansas, on the tax-cut plan proposed by Senator Phil Gramm, Republican of Texas, that was defeated: "I heard all of this in 1981, three and a half trillion dollars ago, how you can cut taxes and balance the budget." (NYT)

Era Ends as Kennedys Sell Florida Oceanfront Home

New York Times Service

PALM BEACH, Florida — The Kennedy days in Palm Beach have quietly ended with the sale of the oceanfront property that Joseph P. Kennedy Sr. bought in 1933 as a vacation spot and that later became his son's winter White House and eventually a symbol of the family's troubles.

The house will become an historic landmark under an unusual deal struck by the Kennedys, the Palm Beach Town Council and John K. Castle, the New York banker who bought the house and its furnishings. The asking price was \$7 million, although none of the par-

ties would say Tuesday what Mr. Castle and his wife, Marianne, paid. Official county records were not yet available.

For the Kennedys, it was simply time to let go. With the death of Rose Kennedy this year, the house seemed more a part of history than a practical gathering place for a family that had grown large over three generations.

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Republican Split Allows Senate Defeat of Tax Cuts in Budget

By David E. Rosenbaum
New York Times Service

WASHINGTON — On a vote suffused with Republican presidential politics, the Senate has rejected a proposal to include deep tax cuts in its budget framework.

For one of the few times this year, Republicans were split and Democrats maintained a solid front.

The proposal, offered by Senator Phil Gramm, Republican of Texas, would have put into

the Senate budget most of the tax reductions contained in the House budget that was passed last week, including a tax cut for most families of \$500 per child.

"My amendment makes it possible to adopt a tax cut and to fulfill the commitment we made during the campaign," Mr. Gramm said in the debate.

The budget measure now before the Senate, which is supposed to lead to a balanced budget by the year 2002, would allow no tax cuts right away.

[The Senate brushed aside Democratic amendments Wednesday in its drive toward passage of the budget plan. The Associated Press reported from Washington.]

[Senators rejected, 71 to 28, an amendment by Senator Tom Harkin, Democrat of Iowa, to cut military spending and channel the savings toward education and job training. Another measure, by Senator Russell D. Feingold, a Wisconsin Democrat, to preclude a tax cut, lost by 55 to 44. Democrats threat-

ened to force votes on nearly two dozen other amendments before final passage of the budget late Wednesday.]

The Gramm proposal was rejected by a vote of 69 to 31 on Tuesday. Twenty-three Republicans joined all 46 Democrats in voting against the proposal. All 31 votes for it came from Republicans.

The Senate majority leader, Bob Dole of Kansas, Mr. Gramm's rival for the Republican presidential nomination, voted with Mr. Gramm and for

the tax cut, apparently afraid he would be at a political disadvantage otherwise.

This is not the end of the debate over taxes. The Senate's budget resolution will probably be passed Wednesday. When lawmakers return from a week's recess for Memorial Day, a conference committee will begin work to find a compromise between the Senate resolution and the one with the tax cut passed by the House last week.

The vote Tuesday drew attention to a fundamental divi-

sion in the Republican Party. Over the years, Republicans have favored both tax cuts and a balanced budget. But when a conflict has arisen, tax cuts have always taken precedence.

This year, many Republicans, led by Senator Pete V. Domenici of New Mexico, chairman of the Budget Committee, are arguing that the idea of tax reductions should be set aside until the budget is balanced.

But others like Mr. Gramm are advocating specific tax cuts to be offset by unspecified spending reductions, a course that in the past has paid political dividends for Republicans but has led to large federal deficits when the promise of lower spending levels was not fulfilled.

Suspect Implicated In Blast

By Pierre Thomas
Washington Post Service

OKLAHOMA CITY — A close friend of Timothy McVeigh, the Oklahoma City bombing suspect, has told authorities that he was aware that another suspect, Terry Lynn Nichols, would mix the chemicals that would be used in the April 19 bombing of the Alfred P. Murrah Federal Building, sources familiar with the case said.

Mr. McVeigh's friend, Michael Fortier of Kingman, Arizona, has implicated Mr. Nichols in recent interviews with the FBI and federal prosecutors in which he also described Mr. McVeigh's plan to carry out the bombing, with 167 deaths the worst terrorist act in U.S. history. Mr. Nichols is the second person charged in the case. He and Mr. McVeigh are in custody at the El Reno Correctional Institution.

Mr. Fortier, who was due to appear before a federal grand jury Wednesday, has been under intense pressure by FBI agents since the bombing, and in recent days he has begun cooperating in an attempt to cut a deal for immunity. He has claimed that he had direct knowledge of the bombing's planning and execution.

Mr. Fortier, who served with Mr. McVeigh and Mr. Nichols in the army and helped Mr. McVeigh relocate to the Kingman area, told authorities that Mr. McVeigh approached him seeking help with the bombing and that he declined to get involved, according to the sources.

Clinton Vows to Veto Foreign-Aid Cuts

By Ann Devroy
Washington Post Service

WASHINGTON — President Bill Clinton, who has already threatened to veto several domestic-policy bills, has extended his warnings into foreign affairs, accusing Republicans of conducting a "frontal assault" on presidential authority and producing "the most isolationist proposals" in 50 years.

Mr. Clinton, in a statement to reporters in the Rose Garden, said he would veto a broad foreign-affairs bill on which the House has opened debate unless the legislation was substantially changed. A White House official said the Senate version, on which hearings began Tuesday, "is even worse."

[Disregarding the veto threat, the House cut an additional \$478 million from foreign aid. The Associated Press reported. And the House worked on more strong measures Wednesday, voting to cut financing to private or United Nations-funded

groups involved with abortions, even where abortion is legal. The amendment also would end all funding to the UN Population Fund, unless it ceases activities in China.]

[The Senate Foreign Relations Committee also moved ahead with a bill to make similar cuts.]

"The taxpayers of America have had enough," the chairman, Senator Jesse Helms, Republican of North Carolina, said as he opened a committee session Wednesday to complete action on the measure. A long-time opponent of foreign aid, Mr. Helms said the Senate bill would save \$4.6 billion over two years.]

The Republican legislation would sharply reduce foreign-aid authorizations, merge several foreign-policy agencies into the State Department and set some policy guidelines on North Korea, China, Russia and other countries.

Mr. Clinton's statements came as the White House worked to recruit prominent

Republicans to endorse its argument that the legislation represents an attempt by Congress to trample on the president's responsibility for foreign affairs and to "micromanage" policy in a number of areas.

The White House is conducting its fight without the backing of the American Israel Public Affairs Committee, an important ally in past foreign-policy battles. The White House strongly courted the powerful pro-Israel lobby, but was unable to persuade the group to abandon its traditional position of backing foreign-aid bills that fully fund Israel's aid package.

In the House, the American Overseas Interests Act would cut \$2.8 billion from Mr. Clinton's proposed \$21.6 billion foreign-affairs budget.

Just as bad as the funding cuts, Mr. Clinton said, are the "dangerous" policy mandates in the House legislation that would "compromise our efforts to stop North Korea's nuclear program, impose conditions that could derail our support for democratic reform in Russia and restrict the president's ability to prevent illegal immigration."

The budget cuts, taken together with the policy proposals, Mr. Clinton said, "represent nothing less than a frontal assault on the authority of the president to conduct the foreign policy" of the United States. They are "short-sighted, scatter-shot budget cuts and attempts to micromanage" policy by Congress, he said.

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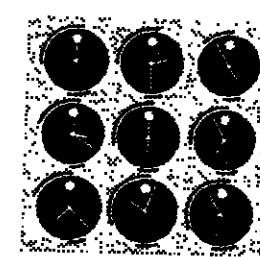
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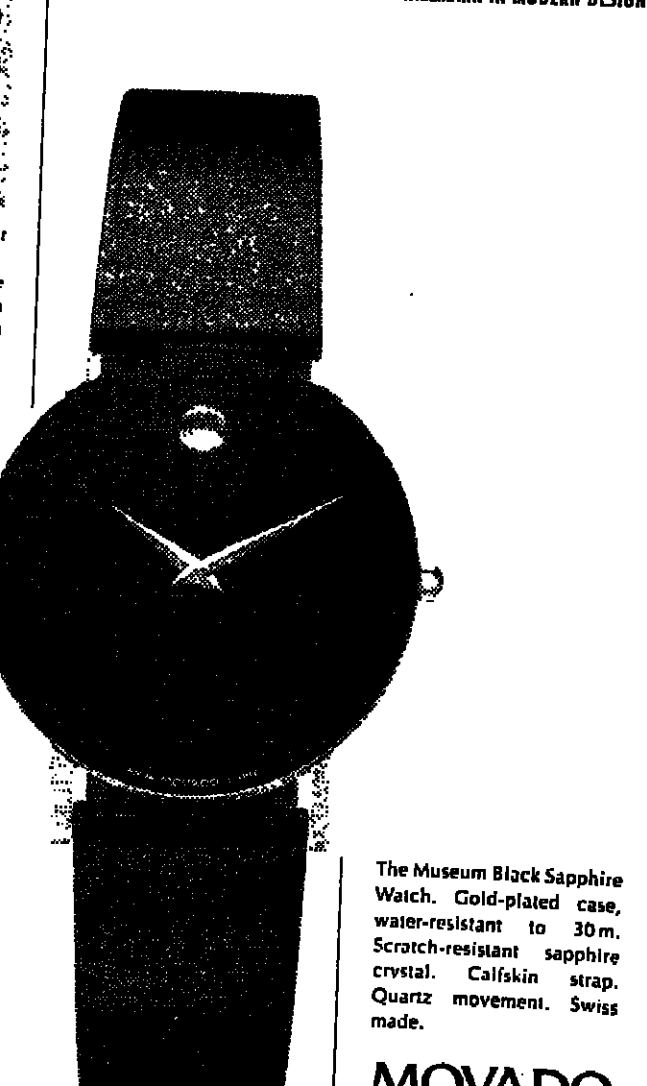
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ASIA

Despite Pique, China Plans Taiwan Talks

U.S., Not Taipei, Is Criticized

Compiled by Our Staff From Dispatches

TAIPEI — Negotiators from Taiwan and China will meet as scheduled this week despite Beijing's fury over a planned U.S. trip by Taiwan's president, Lee Teng-hui, Taiwan officials said Wednesday.

China's body for negotiations with Taiwan, the Association for Relations Across the Straits, has told the Straits Exchange Foundation that its secretary-general, Tang Shubai, will arrive in Taipei on Friday, a foundation official said.

Mr. Tang will meet his counterpart, Chiao Jen-ho, in negotiations aimed at laying the groundwork for a second round of the highest-level meetings so far between the two rivals, expected in July.

The Chinese press ran denunciations Wednesday of the White House's decision to allow a private visit by Taiwan's president, Lee Teng-hui, a move that overturned a 16-year-old U.S. policy of barring trips by leaders of Taiwan, China calls Taiwan a renegade province.

But none of the attacks went beyond the line set down Tuesday by Foreign Minister Qian Qichen, who took aim at the United States rather than Taiwan. He warned Washington

that the move would cause "severe damage" to U.S.-China ties.

Diplomats in Taipei and Beijing said that China, despite its anger, was unlikely to sever delicately woven ties with Taiwan.

In Taiwan, however, there may be recriminations because of a widespread perception that Beijing used its influence Tuesday to scuttle a Taiwanese city's bid to be the site of the 2002 Asian Games.

Taiwan's top policy-making body on China, the Mainland Affairs Council, said it would protest China's alleged use of pressure to end the bid at a vote in Seoul, state radio reported.

Also Wednesday, a senior Taiwan official said that although Mr. Lee is visiting the United States in June for a reunion at Cornell University, the president could still see members of Congress who supported his request for a visa.

(Reuters, AFP)

General's Trip Cut Short

The commander of China's air force has cut short a visit to the United States to protest President Clinton's decision to allow Mr. Lee's visit. The New York Times reported from Washington.



Mr. Hubbard, left, answering questions after meeting with South Korean and Japanese diplomats in Kuala Lumpur.

U.S.-North Korea Talks Go Nowhere

Compiled by Our Staff From Dispatches

KUALA LUMPUR — The United States and North Korea remained deadlocked Wednesday after four days of talks on the North's nuclear industry, with Pyongyang continuing to reject South Korean reactors, the chief U.S. negotiator said.

"I have no progress to report," said the negotiator, Thomas Hubbard, the deputy assistant secretary of state for East Asia and the Pacific. "There has been no significant progress in regard to our differences, none whatsoever."

The United States is trying to persuade the North to accept light-water reactors from the South as part of an accord signed in Geneva last October aimed at halting the North's nuclear-weapons program.

Mr. Hubbard said that a lunch with his North Korean negotiating partner, Deputy Foreign Minister Kim Kye Gwan, was the only meeting between the two sides Wednesday.

"We had a long in-depth discussion of the issues over lunch," Mr. Hubbard said. "We remain in a situation of discussing our respective positions and we have not yet reached any conclusions."

"We expect to resume our talks in Kuala Lumpur, but we as yet don't have a precise schedule," he added before briefing South Korean and Japanese diplomats in the Malaysian capital. He had little to say after meeting with them.

"We always brief the Japanese and South Koreans to maintain our cooperation with them," he said.

North Korea has refused to accept the

South's reactors, saying Seoul's safety standards are suspect. It has said that it would take reactors made in the United States. Talks broke down last month in Beijing over the issue.

The Geneva accord called for the North to get two light-water reactors worth an \$4.5 billion in exchange for dismantling its old graphite reactors and other facilities that Washington contended were devoted to making nuclear bombs. The new reactors would produce less weapons-grade plutonium.

In line with the agreement, North Korea shut down its nuclear reactors and has promised to dismantle them. It also has received supplies of fuel oil and has been promised eventual diplomatic recognition by the United States.

(AFP, Reuters)

Sect Planned to Drop Gas On Tokyo, Police Report

Agence France-Press

TOKYO — The chief chemist for Aum Shinrikyo has admitted that the sect produced Sarin gas to be dropped over Tokyo using 12 remote-control helicopters, Japanese newspapers on Wednesday quoted police sources as saying.

The sect was planning an attack on the capital in November and had 240 kilograms (530 pounds) of the nerve gas ready for release by the model helicopters, the Tokyo Shimbun said.

Only 10 kilograms of the deadly gas was used in the March 20 attack on the Tokyo subway, which killed 12 people and injured 5,500.

The police said when initiating its investigation into Aum Shinrikyo that its members had bought two small remote-control helicopters claiming they were needed for aerial distribution of fertilizer and insecticide.

The helicopters were never found during the numerous searches of the sect's facilities.

The police found several references in seized notebooks, however, to a "war on Japan" in November.

Aum's chief chemist, Masami Tsuchiya, 30, who was arrested for murder and attempted murder, told the police that Sarin was first made in November 1993 at Aum's main commune at Kamikushiki, Kyoto news agency said.

He made the gas four more times, the last just before the March 20 attack, when 30 kilograms were produced. Some was used in the subway attack.

He was reported to have used a makeshift laboratory that was dismantled after the attack and not the major chemical installation at the commune, because it was prone to leakages.

China Puts Would-Be Activists on Notice

Compiled by Our Staff From Dispatches

BEIJING — China on Wednesday stepped up pressure on dissidents, detaining two more in an effort to avert feared trouble on the sixth anniversary of the crackdown on pro-democracy protests, their families said.

The detention of a theology lecturer, Gou Qinghui, on Wednesday and of a veteran democracy campaigner, Sha Yuguang, late Tuesday brought to nine the number of dissidents known to be in police custody.

Mrs. Gou and Mr. Sha had signed a petition planned for release on May 31 urging authorities to draw a lesson from

the 1989 crackdown in Tiananmen Square and to push for democracy and the rule of law.

Mrs. Gou was taken from her Beijing home by policemen who declined to give a reason, her mother said by telephone.

Mrs. Gou's husband, Xiao Biguang, former professor of literature at Beijing University, has been detained without being charged standing trial since April 1994. His arrest is believed related to his support for an independent Protestant church.

Mr. Sha was detained at his Beijing home late Tuesday by three police officers who brand-

ished a summons but gave no reason, Chinese sources said.

Mr. Sha, an accountant, was among nine people who initiated the Peace Charter calling for progress toward a democratic society. A veteran activist, Mr. Sha once edited an unofficial pro-democracy journal. He was detained for about one month in 1992 for sheltering pro-democracy activists and held for several months in 1994.

Also Wednesday, another dissident, Jiang Qisheng, was re-arrested hours after being freed in what appeared to be a move by the police to skirt regulations, which stipulate that detention without charge may not

exceed 24 hours, Chinese sources said.

Mr. Jiang has been unemployed since leaving prison in 1991. A graduate of the Beijing Institute of Aeronautics, he was preparing a philosophy doctorate in the capital when the Tiananmen Square demonstrations erupted.

Others dissidents have faced increasing harassment.

The police routinely boost security in Beijing each year in the weeks leading up to the June 4 anniversary, fearing trouble from political activists. They have warned dissidents not to go out or hold meetings.

(Reuters, AFP)

U.S. Plan Blamed For Hong Kong Riot

By Philip Shenon
New York Times Service

BANGKOK — United Nations officials say that a Republican-sponsored proposal to offer asylum to thousands of Vietnamese refugees in the United States set off riots last weekend that left more than 200 people injured in Hong Kong.

They also warned that the bill could lead to a new exodus from Vietnam.

Refugee officials said the riots Saturday began when 1,500 Vietnamese, many of them carrying handmade metal spears, refused to be transferred from one camp to another in preparation for their deportation to Vietnam. It was the worst clash in years between the refugees and the Hong Kong police.

The office of the United Nations High Commissioner for Refugees, which oversees the camps in Hong Kong, said the Vietnamese were emboldened to riot by a recent move by Republicans in the House of Representatives to offer asylum to as many as half of the 40,000 Vietnamese still held in detention camps in Southeast Asia.

When asked if there was a connection between the legislation and the riots, Jahanbakh Assadi, head of mission for the UN High Commissioner for Refugees, said, "Absolutely." During the riots, he said, "You saw U.S. flags all over the place, you saw portraits of President Clinton all over the place."

About 180 Hong Kong fire fighters and police officers and 70 Vietnamese were hurt in the clashes Saturday in the Whitehead detention center, the largest of the Hong Kong camps used to detain the Vietnamese.

[The Vietnamese Foreign Ministry said Wednesday that it would continue to work with Hong Kong to bring home the refugees, The Associated Press reported from Hanoi.]

It added, however, that it hoped the refugees would be treated humanely while awaiting repatriation.

[The ministry did not com-

BRIEFLY ASIA

China Warns Japan on Relations

BEIJING — China said Wednesday that Japan's cuts in grant aid to Beijing in protest over a recent Chinese nuclear test would hurt bilateral ties.

"We are always against politicizing economic issues and linking economic cooperation with political issues as a means to exert pressure," a Foreign Ministry spokesman, Shen Guofang, was quoted as saying by the Xinhua news agency.

"This move by the Japanese side is insensible and detrimental to the healthy development of Chinese-Japanese relations," Mr. Shen said.

He said China regretted what for Japan was a rare display of its economic clout to send a political message.

Japan said Monday that it was cutting back aid to protest China's May 15 underground nuclear test, which stirred particularly angry reactions because it came soon after passage of an indefinite extension of the Nuclear Nonproliferation Treaty, which China supported.

Japan gave 7.8 billion yen (\$92 million) in grant aid to China in the 1994 financial year, 3 percent of all grant aid it extended last year.

(Reuters)

Report on Japan's Poison Gas War

TOKYO — A leading Japanese researcher has obtained documents which he says show for the first time that the Japanese Army produced more than 5 million poison gas shells and gas grenades by the end of World War II.

Professor Keiichi Tsumetschi of Kanagawa University, a leading historian of Japan's secret use of chemical and biological weapons during the war, said Wednesday that he obtained a copy of the 1945 army report from a former officer.

It was the first document showing the scale and details of Japan's chemical weapons production before 1945, he said.

The report could also shed light on poison gas shells left in China by retreating Japanese troops, an issue now under discussion by the two governments.

Japanese experts left for China on Wednesday to study how Tokyo can dispose of the shells found in Jilin Province, some in dangerous condition, the Foreign Ministry said.

(Reuters)

West Urged to Rethink Rights Issue

SYDNEY — The West should give Asian nations credit for developing economic, social and cultural rights, not lecture them on political and civil rights, the new UN human rights adviser said on Wednesday.

Brian Burdakin, Australia's former human rights commissioner, said the debate between Asia and the West over human rights was no longer one-dimensional.

"The reality of Asia, I think, is clearly that from a perspective of the Westminster system, we are a little bit higher than thou," Mr. Burdakin told the Foreign Correspondents Association in Sydney on Wednesday.

"There is just no point in Western countries thinking they can lecture developing countries about their violation of human rights if they are not prepared to give recognition of progress in housing, education and food," he said.

Mr. Burdakin will take up his United Nations post, a newly established one, in Geneva next month.

(Reuters)



FLAMES OF PROTEST — Imelda Marcos, former first lady of the Philippines, lighting candles Wednesday at a vigil in Manila to protest alleged fraud in the election defeat of her son, Ferdinand E. Marcos Jr.

VOICES From Asia

Muchtar Pakpahan, an Indonesian labor leader, maintaining his innocence on Wednesday and vowing to continue fighting for worker rights after his unexpected release from prison last week: "I am not guilty and will never ask for forgiveness. We are not against Suharto. We are fighting for change, for labor."

(Reuters)

James Lu, research manager at Peregrine Securities (Taiwan) Ltd., on China's reaction to Lee Teng-hui's visit to the United States and its effect on proposed direct shipping between Taiwan and the mainland: "This will just get them more upset. It won't be easy to get things on track quickly."

(Bloomberg)

Umar Farooq, chairman of the All-Party Hurriyat Conference, a coalition of 30 separatist groups, saying a 15th-century Muslim shrine in Char-e-Sharif that was gutted two weeks ago was at the root of Muslim identity in Kashmir: "The desire to protect that identity is at the core of the Kashmiri Muslims' movement. So the incident is an important turning point for the movement."

(Reuters)

Former Rebel Chief Is Slain in Burma

Agence France-Press

BANGKOK — A leader of Kayan ethnic rebels in Burma who had agreed to cooperate with the military junta in Rangoon was murdered last month with his brother, according to Burmese dissidents.

A statement from the All Burma Students Democratic Front, which opposes the junta, confirmed earlier information from diplomatic sources that

Gabel Byn, once a top leader and had sentenced him to death. Followers of Hla Moe and his brother Edward had subsequently killed Gabel Byn and his brother, the student group said.

Three years ago, Gabel Byn and 100 followers "defected" from the Kayan National Revolutionary Council to enter peace talks with Rangoon. He was attending a junta-sponsored convention on a new Burmese constitution when he was

shot dead. The student group said Gabel Byn had been killed by another leader of the Kayan National Guard, or "Security

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EUROPE

BRIEFLY EUROPE

Talks Fail to Resolve Italy's TV Dispute, Legislator Asserts

Compiled by Our Staff From Dispatches
ROME — Talks among political parties on averting a referendum that could strip Silvio Berlusconi of two of his three television stations have failed, representatives of leftist parties said Wednesday.

"The right wing has rejected all solutions," said a leftist legislator, Fabio Mussi, referring to supporters of the media tycoon. "The talks are over."

Prime Minister Lamberto Dini had sought to break the bitter political deadlock over television ownership, which he feared could threaten support in Parliament for vital financial reforms.

Mr. Dini had offered a compromise proposal after talks on a deal to head off four referendums on broadcasting collapsed Tuesday.

If the new negotiations have also failed, as asserted by Mr. Mussi, Italians will vote June 11 in the referendums. The key test will decide whether Mr. Berlusconi, a former prime minister, must reduce his ownership of three private national television networks to one.

Mr. Dini's proposal would have allowed Mr. Berlusconi's conglomerate, Fininvest, and the public broadcasting system, RAI, to retain three networks each until mid-1997, pending a reform of ownership laws.

Government sources made it clear that Mr. Dini, whose stop-gap government is trying to bring order to state finances, believed that the bad blood gen-

erated by the stalemate could put his program at risk.

Mr. Dini, a former central banker, needs broad backing for a crucial draft law on reform of the state pension system, which was beginning its way through the Parliament on Wednesday, and for a 1996 budget he hopes to present next month.

Concern that the relative political peace that Mr. Dini requires would be shattered by the television battle, coupled with fears over inflation, depressed share volume on Wednesday and kept the lira weak against the Deutsche mark.

"Dini is worried that if Berlusconi loses he will turn his anger on the pension reform plans and move to block them," said a dealer on the Milan bourse.

Negotiations on an accord to avert the June referendums first broke down on Tuesday after Mr. Berlusconi objected to a proposal from the former Communist Democratic Party of the Left, the federalist Northern League and smaller center-left parties. Their plan called for RAI and Fininvest to drop one channel each by August 1996 and another by 1998.

Under Mr. Dini's proposed compromise, RAI and Fininvest would have given up one channel each in 1997 and a second in 1998 unless technological developments, such as cable and satellite broadcasting, changed the situation.

(AFP, Reuters)



Emergency workers retrieving the bus that crashed near Bristol, England, killing 10 retirees on an outing. The accident brought calls for installation of seatbelts in buses.

Chirac Invites EU Leaders

PARIS — President Jacques Chirac has invited the leaders of the European Union to a working dinner here June 9 to discuss coming international conferences, his office announced Wednesday. France is the current president of the EU.

The meeting is to prepare for an EU-U.S. summit meeting in Washington on June 14, when Mr. Chirac will have talks with President Bill Clinton; for the Group of Seven summit meeting of industrialized nations in Halifax, Nova Scotia, on June 14-17; and the EU summit meeting in Cannes on June 26-27, said Mr. Chirac's spokeswoman, Catherine Colonna.

Mr. Chirac, who was inaugurated last week, wrote to EU leaders to invite them to the Paris talks. Miss Colonna said. Prime Minister John Major will stay over in Paris until June 10 for bilateral talks, she added.

(AFP)

Major Offers Hand to Bonn

BONN — Britain and Germany should build a higher-profile partnership within a European Union plagued by cheating and waste, Prime Minister John Major was quoted as saying in the Bild newspaper Wednesday.

Mr. Major, who meets Chancellor Helmut Kohl in Bonn on Friday for their annual meeting, said the two countries had similar political and economic attitudes and should work together to get what they wanted. He added, "In the place of this 'silent alliance' between Germany and Great Britain I would like a partnership that everyone talks about."

Britain also wants to improve its ties with France because President Chirac seems more sympathetic than his predecessor, François Mitterrand, to London's attempts to stop the EU in Brussels from assuming more powers from national parliaments.

(Reuters)

Crash Prompts Safety Call

BRUSSELS — Legislation to make seat belts compulsory in all new buses and coaches will be drafted by the summer, the European Commission said Wednesday following the death of 10 people in an accident on a British highway.

By the end of the year, the commission also plans to put a directive before European transport ministers, which will introduce tougher construction standards for buses to improve their ability to resist crashes.

British inspectors carried out a detailed examination of the wrecked bus Wednesday, but had not established whether the absence of seat belts was a factor in the loss of life in Tuesday's crash, in which 19 people were injured. The police said Wednesday that the bus driver may have swerved to avoid an object.

(AFP)

EU to Appeal for Tolerance

BRUSSELS — Human rights, democracy and religious tolerance will form the backbone of the Mediterranean policy that the European Union aims to launch out at a special Euro-Med meeting in Barcelona next November.

"Democracy and human rights are the core of the action plan that is being prepared for Barcelona. They will be its very basis," Manuel Marín, the European commissioner responsible for Mediterranean issues, said Wednesday.

"Religious tolerance must also be respected," he said.

The meeting between foreign ministers from all 15 EU states and 12 Mediterranean countries from Turkey to Morocco is an attempt by the EU to shore up its southern flank against the rising tide of instability and fundamentalism in the region. Libya has not been invited.

(Reuters)

Calendar

European Union institutions break for the Ascension holiday from Thursday until Sunday. The following events are scheduled for Monday:

BRUSSELS: EU foreign ministers meet Slovak and Bulgarian counterparts in talks on association agreements.

BRUSSELS: Agriculture ministers meet under presidency of new French Agriculture Minister Philippe Vasseur to discuss, among other matters, the effect of currency devaluations (particularly the lira and the peseta) on agricultural markets.

PARIS: Transport Commissioner Neil Kinnock meets French Transport Minister Bernard Pons.

WASHINGTON: Emma Bonino, consumer affairs and humanitarian aid commissioner, meets with several U.S. government and Senate representatives.

Sources: Agence Europe, AFP.

In Britain, to I.D. or Not I.D.

Leader's Failure to Pick Option Seen as Delaying Tactic

LONDON — Prime Minister John Major's government opened a national debate Wednesday on whether to introduce identity cards.

Britain has not had an identity card system since 1952, when a wartime provision for such checks was withdrawn.

Fearful of provoking new divisions in his chronically split Conservative Party, Mr. Major carefully avoided backing any of the options offered in the government's consultative paper.

Commentators said that Mr. Major's refusal to specify which option he preferred could signal the effective shelving of identity cards until after the next election, which Mr. Major must call before the end of May 1997.

Home Secretary Michael Howard, introducing the paper, said: "There are distinct advantages to identity cards. We need to test the arguments for those advantages against the arguments for their disadvantages."

The proposal is subject to a four-month

consultation process, and Mr. Howard said he had "no intention of preempting this genuine consultation exercise."

Opinion polls show that most people — up to 75 percent in one survey — support the idea. Mr. Howard and Mr. Major have backed the use of identity cards as a way to cut crime.

But hard-line Conservatives, opposed to what they see as a creeping loss of power to the European Union and a softening of border controls, are strongly opposed.

"We have made our determination to maintain frontier controls absolutely clear," Mr. Howard said at a news conference. "This has nothing to do with those questions."

The government paper laid out options that could be voluntary or compulsory. Cards could be based on new British drivers' licenses that will include a photograph and will be introduced next year, or there could be a multifunction government card, incorporating travel papers, driving license and social security health system card.

Major Is Facing a New Defeat in Scotland

EDINBURGH — Scottish voters are set to deal another blow to Prime Minister John Major by handing Scottish nationalists the traditionally Conservative seat of Perth and Kinross in a by-election Thursday.

Opinion polls show that Roseanna Cunningham of the Scottish National Party will win well over 50 percent of the vote in the wealthy constituency, held by Sir Nicholas Fairbairn for a quarter of a century until his death in February.

Losing Perth would cut Mr. Major's majority in the 651-seat Parliament to 11 and leave his party with only 10 of 72 Scottish parliamentary seats. The opposition Labor Party holds 49 and the Scottish nationalists hold 3.

A poll for The Scotsman newspaper found that Conservative support had plunged from 40 percent in the 1992 general election — when Ms. Cunningham lost to Sir Nicholas by 2,094 votes — to 14 percent. It gave the Scottish National Party 55 percent.

EUROPEAN TOPICS

EU's Mail Proposal: 225 Different Rates?

Could the Europe that hopes some day to have a single currency and common passport end up with 225 different rates for sending letters between its member countries? It could.

At present, seven member countries charge the same to send a letter to any other EU country as to send one within their own boundaries. In France, for example, it costs 20 francs (35 cents) to send a letter from Paris to nearby Versailles, the same as to send it to Athens.

But a proposal coming before the European Commission would change that. The French daily Liberation reports. Favoring competition and transparency of prices over simplicity, it would base rates on actual costs to postal authorities — which are far more substantial in high-wage countries like Germany and the Netherlands than in Portugal or Greece.

Because those costs vary in each of the 15 member countries, the EU theoretically could end up with 225 (15 times 15) different rates for intracommunity mail.

Not only would this produce nightmarish confusion, but it would also place a heavy burden on magazine publishers. The cost of send-

ing a magazine from France to the Netherlands, for example, would rise 25 percent.

Part of the rationale for such a change would be to open postal services to private companies — allowing them to handle advertising mailers, for example. Postal authorities say if they lose that business, they would have to raise their letter rates.

Around Europe

Neither snow nor rain nor heat — but possibly high water — will stay Jutta Puden from the leisurely completion of her appointed rounds. Poling along the canal system in the Spreewald mountains southeast of Berlin, she is Germany's last mail carrier to use a flat-bottomed boat. Mrs. Puden, 42, delivers 1,300 letters to 78 homes.

The Swedish newspaper Metro, barely three months old, already has the second-largest circulation in the country, just behind Dagens Nyheter but ahead of other established dailies. Its secret: Metro is free.

Distributed each morning in the Stockholm subway and suburban train system, Metro is designed to be read in the time required for an average commute (about 20 minutes). Unlike suburban advertising weeklies, it includes real news, foreign and domestic, thanks to a staff of 14 journalists and a subscription to the Swedish national news agency.

With its low costs — page layout is done by Macintosh computer and distribution of

its 200,000 copies is handled by the transit authority in exchange for free advertising — Metro seems to be on track for profitability.

Yes, even Parisians get tired of it, and residents of a quiet Right Bank street are now doing something about it. On the Rue Legouve and the Passage des Marais, locals recently traced thick chalk circles around dog excrement on their sidewalks — some 200 circles in all — or, in a bit of provocative street art, encircled canine leavings with strands of spaghetti, quartered tomatoes and lettuce leaves. In case City Hall didn't get wind of the happening, a letter was mailed to the mayor asking for "subsidies for the purchase of boots so that we might walk in the street." Paris now spends about 42 million francs a year on the bright green motorcyclists used to vacuum up 3.5 tons of excrement each day. But that is only 14 percent of the total. One cautious walker has suggested that the offending pet owners be required to attend obedience courses.

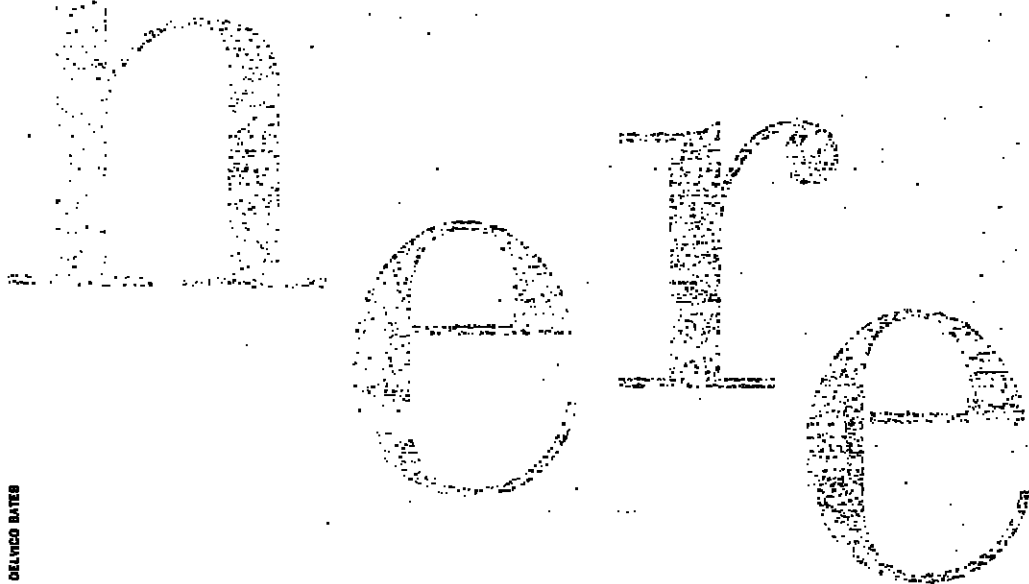
Britons undergoing a sex change are to be provided with two identity cards on London underground trains — one dressed as a woman, one as a man, London Transport agreed to the approach to help out confused ticket collectors. "This system does not apply for transvestites," a London Transport spokesman said.

Brian Knowlton

The parador at Cuenca, Castilla La Mancha. There are over 80 paradors in a network covering the whole of Spain, 70% of which are either castles or palaces. They offer a high level of accommodation and excellent value for money. A guide book is available from the Spanish Tourist Board.



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INTERNATIONAL

Ghanaians Grow Restive With Their Leader

New York Times Service
ACCRA, Ghana — With a record of consistent growth, Ghana has been touted as one of Africa's economic successes. But prosperity has eluded most Ghanaians, and with the approach of elections scheduled for 1996 they appear to be growing increasingly impatient with President Jerry Rawlings and his 13-year rule.

Since late April, nurses, teachers and civil servants have demonstrated almost daily over the economic hardship caused by the introduction two months ago of a 17.5 percent value-added tax.

The tax is supposed to fall most heavily on purchasers of luxury goods, and food was exempted entirely. But merchants have used the tax as an excuse to raise food prices by as much as 300 percent.

Protesting civil servants demanding a 70 percent pay increase shut down the Ministry of Finance this month. And, on May 11, five people were killed and 17 injured when a pro-government mob clashed with a crowd of about 10,000 marching on Accra's central market. That protest marked the first

time that the opposition parties, and not the unions, had organized a march. In its aftermath, people expressed shock not only at the violence, but also at the sheer numbers the opposition was able to mobilize.

Ghanaians have shown relatively little interest in other potentially volatile issues. When the government shut down the country's first independent radio station in December, only about 500 people turned out for a march to present a petition to Parliament.

When the minister of finance announced a 25 percent rise in gasoline prices in January, there was widespread grumbling but little more. But for many, the tax was the last straw.

"When we don't react to certain things, people think we just never react," said Smart Chigbatia, executive secretary of the Ghana Civil Servants Association. "We are being gentle. We are using our intelligence. And now our intelligence is pointing us one way — we will not sit down and be cheated every day."

The government is hoping to defuse the issue with legislation presented this month that lowers the tax to 15 percent and exempts retailers. But as Parliament spends the rest of the month debating the bill, the marches are continuing in Accra and spreading inland to Kumasi.

The issue has galvanized the opposition, which had been struggling since the inception of constitutional rule in 1992. Coming together under the name Alliance for Change, a group of prominent opposition politicians has gleefully seized on the public's vague desire for anything different.

"President Rawlings has been built up in the international press as such a success for his implementation of IMF policies that when things like this happen, it's hard to explain," said Nana Akufo-Addo, a leader of the Alliance for Change.

"The success has been very, very skin deep. We know there has been growing impoverishment of the people, and the demonstration was the first sign of that."

Undaunted by the violence, civil servants rallied a day later in front of the Ministry of Trade and Industry.

"We are protesting because we are hungry," said Kojo Dan, an accountant who was among the demonstrators. "We are not against the government. We are civil servants. We only need our salaries to be changed."

Nevertheless, in all recent demonstrations, marchers have carried signs calling for the president and minister of finance to step down.



Martin McGuinness, left, a negotiator for Sinn Féin, arriving at Stormont Castle in Belfast on Wednesday for peace talks with a Northern Ireland minister, Michael Ancram.

Businesses Size Up Northern Ireland

U.S. Gathering Is Aimed at Pushing Along Peace Process

The Associated Press

WASHINGTON — Hundreds of business leaders and political officials gathered here Wednesday to trade ideas on reviving Northern Ireland's economy, and the leader of Sinn Féin said he hoped to see real progress in the peace process this week as well.

But British officials played down that prospect, instead emphasizing economic themes.

The Sinn Féin leader, Gerry Adams, and officials from Britain and the Irish Republic were in Washington to meet with U.S. business executives in an economic conference sponsored by President Bill Clinton.

The conference was expected to draw up to 800 participants. It has been billed as a chance for U.S. companies to size up investment opportunities in Northern Ireland and the six border counties of the Irish Republic.

American officials said prospects for tourism, manufacturing and information technology

in the North and South had drawn considerable interest. They said that Northern Ireland's well-educated, skilled work force and its proximity to European markets were advantages.

While the theme of the conference was economic, the political overtones were heavy, with representatives of various adversarial groups attending the same forum for the first time.

Outside the conference, Mr. Adams, president of Sinn Féin, the political wing of the Irish Republican Army, planned to meet with Sir Patrick Mayhew, the British secretary for Northern Ireland.

Mr. Adams said Tuesday that he wanted the meeting with Sir Patrick, their first, to be one of "substance as well as symbolism."

But the spokesman for the British Embassy here, Peter Bean, said: "I don't think we're going to see any dramatic changes."

A senior British economic of-

ficial, Baroness Jean Denton, said Tuesday that the meeting should not detract from the economic conference.

"I hope it will not be allowed to actually get in the way of us talking to the people of America who can bring us investments in the future," said Lady Denton, minister for the economy of Northern Ireland.

President Clinton organized the White House Conference for Trade and Investment in Ireland to promote economic development in the region as the next phase of pursuing peace.

He said Tuesday that he was committed to pursuing negotiations among the long-warring parties in the North.

Mr. Clinton said that as long as Mr. Adams continued to renounce terrorism and as long as the opposing sides continued "on the path that they have set, including a willingness to talk about weapons decommissioning, then I think we are doing the right thing."



The daughter of a woman who died of the Ebola virus putting her clothes into a coffin outside the morgue in Kikwit.

Death Toll From Zaire's Ebola Virus Rises to 108

The Associated Press

GENEVA — The death toll from the outbreak of the Ebola virus in Zaire has increased to 108, the World Health Organization said Wednesday.

The outbreak in Zaire, meanwhile, has spread to neighboring countries, with the affected areas being isolated with the virus.

The outbreak in Zaire was "slightly better" after showing Ebola-like symptoms after spending several days last

week in Kikwit, the center of the outbreak, Swiss authorities said.

An accurate diagnosis will take several more days, however, according to hospital authorities in the capital, Kinshasa.

The new deaths from the virus, the first reported in four days, included the death Tuesday of an Italian nun who cared for patients in Zaire, and six previously undocumented victims who died as far back as January, the UN health agency said.

The total number of cases of the disease, which causes severe hemorrhaging, also has risen to 144, from 136, to take account of previously unrecorded cases, it said.

The disease has killed 75 percent of those infected.

The new cases were discovered by doctors who are systematically checking all deaths in the area over the past few months for Ebola symptoms.

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EUROPE

Kremlin's Demand to NATO

Moscow Steps Up Dissent on Expansion Plan

MOSCOW — A senior Kremlin official said Wednesday that Russia wanted its objections to the expansion of the North Atlantic Treaty Organization written into any future cooperation documents it signs with the Western military alliance.

The official, Oleg Lobov, said, however, that Moscow remained committed in principle to signing follow-up cooperation documents to the NATO Partnership for Peace program it endorsed last year.

Moscow signed a framework agreement last June on joining the Partnership for Peace program, which provides for joint military training, exercises and defense planning. But it stalled moves under the cooperation program in December to protest NATO's plans to take in its former close allies in Eastern and Central Europe.

Since then, President Boris N. Yeltsin has agreed with Pres-

ident Bill Clinton to push ahead with the Partnership scheme.

Mr. Lobov, secretary of the policy-making Security Council, said that relations with NATO and European security had been among the main topics at a council session led by President Boris N. Yeltsin.

"In principle, the Security Council is in favor of signing," Mr. Lobov said, "but with our principled position on NATO enlargement somehow mentioned and perhaps they should be linked."

At first glance, this appeared unlikely to be acceptable to NATO, which is scheduled to discuss enlargement to include Russia's former East Bloc allies at a foreign ministers' meeting in the Netherlands on May 30 and 31.

In a further remark likely to complicate relations with NATO, Mr. Lobov said Russia wanted the Partnership for Peace program to be brought under the aegis of the Organiza-

tion for Security and Cooperation in Europe.

Asked what conditions Russia would press for in signing future documents with NATO, he replied: "The Security Council members think there are no reasons to reject the Partnership for Peace program under certain agreed conditions that it should be undertaken within the framework of the Organization for Security and Cooperation in Europe."

He said he did not rule out Russia's signing follow-up documents on May 31 "if a formula could be agreed by then."

Foreign Minister Andrei V. Kozhevnikov is scheduled to be in the Netherlands at around that time, but it was not clear if he had planned to attend the NATO meeting.

Mr. Lobov indicated that Moscow did not expect any quick formulas that would calm Russia's fears over NATO expansion.

Russians Battle Chechen Rebels

On Eve of Talks

MOSCOW — Fierce fighting erupted between Russian troops and Chechen rebels in the northern suburbs of the capital, Grozny, on Wednesday, less than a day before the two sides were due to hold peace talks in the shattered city.

"Chechen crack forces have now reached the northern suburbs and are pushing back Russian guards," Movladi Udugov, the chief Chechen spokesman, said by telephone.

A spokesman for the Russian Defense Ministry confirmed the report, saying: "Fierce fighting erupted today in the northern suburbs of Grozny."

Russian forces captured Grozny in late February after weeks of heavy fighting, but the rebels have mounted regular hit-and-run attacks ever since.

The Inter-Tass news agency quoted a European diplomat in Grozny as saying that the Organization for Security and Cooperation in Europe, which will mediate the talks, had concrete proposals for the two sides.

OF LOVE AND OTHER DEMONS

By Gabriel García Márquez.
Translated by Edith Grossman.
147 pages. \$21. Knopf.
Reviewed by Jonathan Yardley

THE 13th of his books to be published in English translation — a fine one by Edith Grossman, who has now done four of his books — finds Gabriel García Márquez in a minor key.

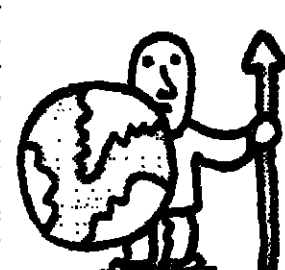
His mood is almost entirely melancholy and his manner is, by contrast with his characteristic ebullience, decidedly restrained. Thematically and stylistically, it could be the work of no other writer, but it is very much a miniature.

There is ample precedent for this within García Márquez's career. His reputation rests upon his three indisputable masterpieces: "One Hundred Years of Solitude," "The Autumn of the Patriarch" and "Love in the Time of Cholera" — but sprinkled among these books are short stories and novellas that appear to have afforded him breathing space, permitting him to carry on his work but at a less demanding

WHAT THEY'RE READING

• **Millán Millán**, director of EUPHORE, the European photo-reactor for air pollution research, in Valencia, is reading "Megareads" by John Naisbitt. "It talks about the world becoming more tribal. Unfortunately, it looks like he's right. I felt like more of a stranger in the Basque region of my own country, Spain, than I did when I worked in Canada."

(Al Goodman, IHT)



child is bitten by a dog subsequently found to be rabid. At first she shows no signs of disease, but in time she develops what the bishop calls "the unequivocal symptoms of demonic possession." The bishop concludes that an exorcism is in order. The girl is removed to the Convent of Santa Clara, and a young priest, Father Cayetano Delaura, is given charge of her case.

This remarkable man, "one of those rare figures who adorned the Christianity of his time," discovers that "something immense and irreparable had begun to occur in his life." It occurs to him that Sierva María "has been imposed on me by the Holy Spirit to test the strength of my faith," and he stoutly resists the demons she has unleashed.

Delaura says: "It is the demon, Father. The most terrible one of all." The demon is love, and when he confesses it to Sierva María herself, he tells her "that every moment was filled with thoughts of her, that everything he ate and drank tasted of her, that she was his life, always and everywhere, as only God had the right and power to be."

Here most certainly we are in the world of Gabriel García Márquez, where religious faith and human love collide in agony and passion. As will be recalled from "Love in the Time of Cholera," love arrives unannounced and unexpected and at times utterly improbably. Whatever the circumstances, it is a "terrible" demon against which there is no resistance. There's no resisting García Márquez, either, even in a minor key.

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

IN the diagramed deal, North and South were experienced players, but East-West had less than one year of bridge-playing between them.

North-South reached three no-trump from the correct South side: a player with a doubleton queen should aim to be declarer if his partner has A x or K x. West naturally led the heart jack, which ran to South's trumps. Now the contract was in jeopardy if West gained the lead, so South aimed to develop one of the minor suits by giving East the lead.

Diamonds was the best chance, so he led the two-planting to finesse the nine. He was frustrated when West put up the ten, a brilliant second-hand move. Now South could not afford to duck, permitting the ominous heart continuation, so he won in dummy with the king. Continuing diamonds would now have given East the lead, but the dummy would have been entryless. South therefore tried his backup plan by cash-

ing the diamond ace followed by the ace and king of clubs. That would have saved him if East had held exactly three clubs, but as it was, the result was down two.

When it was over, North-South congratulated West on his brilliant defense. They were staggered by the response: "Doesn't everybody play high-low to signal an even number?"

Both sides were vulnerable. The bidding:

NORTH			
♠ 6			
♥ K 7 6			
♦ A K 9 6 4 3			
♣ 10 9 8			
WEST			
♠ J 4 3 2			
♥ J 10 3			
♦ 10 7			
♣ Q J 6 3			
EAST			
♠ Q 8 7			
♥ A 9 5 4 2			
♦ Q 1 8			
♣ 2			
SOUTH (D)			
♠ A K 10 5			
♥ Q 8			
♦ 5 2			
♣ A K 7 5 4			

West led the heart jack.

Harold Wilson, 4-Time U.K. Leader, Dies

LONDON — Harold Wilson, the last leader of the British Labor Party to win a general election, died in his sleep on Wednesday after a long illness. He was 79 years old.

Mr. Wilson, a consummate political tactician, guided his divided party to four election victories in the 1960s and 1970s in a record unmatched in modern times even by Margaret Thatcher.

His wife, Mary, said the former prime minister, who retired suddenly in 1976 after 13 years leading Labor, died peacefully around midnight.

He had been fighting cancer for 15 years.

Tributes poured in from political friends and foes and the day's main parliamentary business was canceled out of respect for a man at the heart of British life for four decades.

"He was the most successful leader that Labor has ever had, winning four elections out of five, although on each occasion he came to office at a time of great economic difficulty," said



Harold Wilson, at the door of No. 10 Downing Street.

James Callaghan, who succeeded Mr. Wilson in 1976.

Despite his unsurpassed electoral record, Mr. Wilson's lega-

cy as prime minister is mixed. Many regard him as a good manager and supreme political "fixer" rather than a great statesman.

"I think he will stand in history as not one of the greatest of prime ministers but as a very good member of the second group who certainly had his impact on British politics," said Roy Jenkins, an ex-Labor minister who later broke from the party.

The need for a firm hand to weld Labor's disparate coalition of social democrats, trade unionists and hard-line leftists into a winning political machine after 13 years in opposition earned Mr. Wilson a reputation as a wily plotter.

Others remembered Mr. Wilson, a plump, scholarly pipe-smoker who never lost the broad accent of his native Yorkshire, for his courtesy and wit.

"His huge abilities and his humor won him respect and affection," said Neil Kinnock, the former Labor Party leader. "His victories brought him the

gratitude and admiration of the Labor movement."

One of Mr. Wilson's fiercest clashes was with Ian Smith, leader of the white minority regime in Rhodesia, now Zimbabwe, who defied Britain in 1965 by declaring unilateral independence.

The intractable problem of Rhodesia, and the rebellion against the Crown, was the signal failure that dogged Mr. Wilson's career.

Although he went to extraordinary lengths to resolve the impasse, it was not until the Tories regained power under Margaret Thatcher in 1979 that it was settled by effectively installing a Marxist regime in the newly named Zimbabwe.

In the mid-1960s, when Mr. Smith unilaterally declared independence, Commonwealth Secretary Arthur Bottomley predicted the crisis would be over "within weeks." It lasted 15 years.

Despite their disagreements, Mr. Smith said Wednesday that he had never had any personal problems with Mr. Wilson.

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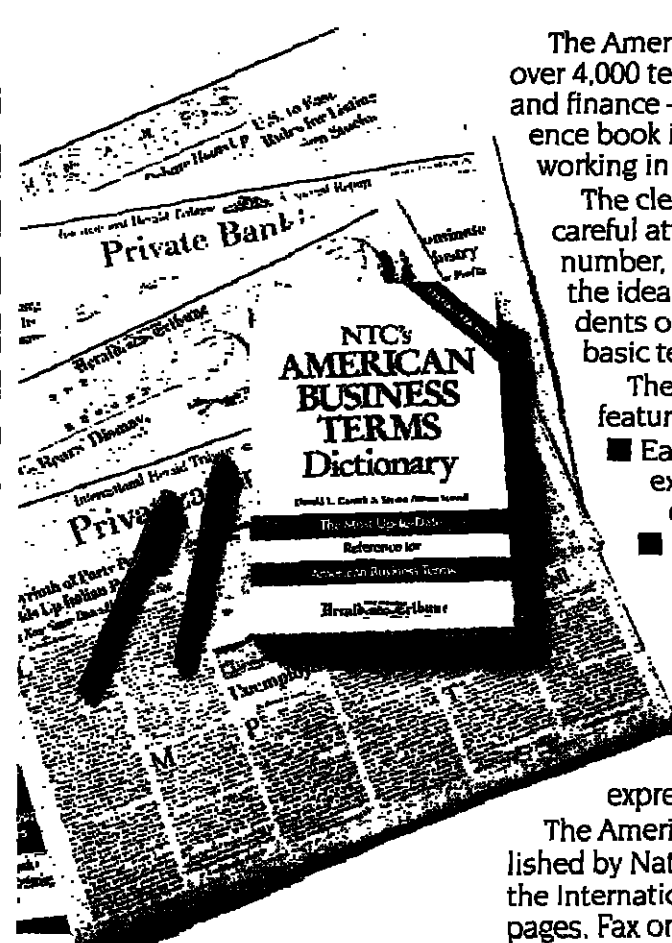
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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Foreign-Policy Trampling

The international affairs bills of the U.S. Senate and House of Representatives overshoot the mark by a mile so far as desirable reform is concerned. The two foreign relations committees do not just tinker with the boxes and do some tough cutting, which, if carefully done, would be justified. They appropriate too much policy-making power from the executive branch — by enforced reorganization, by unreasonable budget cuts, by excessive policy earmarks — and impose their own alternative design.

The Senate bill could be called Jesse Helms's revenge. The agencies of which he disapproves — foreign aid, information, arms control — are dismantled, and their functions are either extinguished or tucked into a State Department itself newly constricted by congressional dictate. Development assistance, for instance, is in effect ended. An instruction is issued to recognize Tibet. Humanitarian aid is denied to countries whose disasters are deemed "man-made." United Nations peacekeeping becomes a congressional toy.

Many who expected little from the chairman of the Senate Foreign Relations Committee expected something more from the moderate conservative chairman

of the House International Relations Committee, Benjamin Gilman. But his seniors in the House leadership are said to be imposing a hard choice: Go with the flow or lose your chairmanship.

President Bill Clinton promises to reject any bill that tramples on presidential prerogatives in foreign policy, as House and Senate bills both plainly do. This contest between Congress and White House over executive prerogatives and congressional authority in the making of foreign policy has been going on for decades now, and unsurprisingly whichever party holds whichever branch of government makes the predictable case for an increase in that branch's say-so. But these bills really step well beyond the framework of that conventional debate. They present the executive with legislation it is all but obliged to fight. President Clinton says he hopes for a bill he won't have to veto. The House bill goes to a floor vote this week; party discipline is evidently to be enforced. The Senate measure is due to come to the floor after the Memorial Day recess. As in the House, some Republicans in the Senate see, with Nancy Kassebaum, "a risk in some ways of creating a hollow diplomacy." She's got it just right.

—THE WASHINGTON POST.

Faithful to the Constitution

With persuasive reasoning and a compelling vision of the national union, a majority of the U.S. Supreme Court has ruled that states may not limit the terms of the senators and representatives they send to Congress. The court stated with absolute clarity that the qualifications for the federal legislature were determined by the constitution alone and that individual states may not tamper with them. This means that voters must limit terms of legislators the old-fashioned way, by voting them out of office. The sweeping decision was reached by a distressingly narrow 5-to-4 vote that only barely overcame the dissenting justices' parochial view of the federal system.

Justice Clarence Thomas, writing for the four dissenters, spun out 88 pages of unsuccessful searching for a states' rights principle the Founding Fathers never imagined. Justice John Paul Stevens, writing for the majority, found that the framers plainly intended that federal concerns, and federal eligibility standards, would govern the makeup of the national legislature.

Now, as the court made clear, only a federal constitutional amendment can impose term limits on members of Congress. Neither the states nor Congress itself has the power to do so. That leaves the term-limits movement floundering as it was two months ago when Republicans mustered only about half the House in support of a constitutional amendment, far short of the two-thirds needed.

Although term limits may be an issue in the 1996 elections, they remain a poor nostrum for the nation's political ailments, largely because they deny voters the opportunity to retain the services of experienced and capable legislators who have reached the end of their terms. The

best way to eject long-term mediocrities and assure turnover in Congress would be to reform the campaign finance laws so that challengers and incumbents can compete on a more equal financial basis.

The Supreme Court, in rejecting term limits set by Arkansas last year, was eminently faithful to the constitution's design. As the court ruled in a 1969 case, even a house of Congress may not add to the constitution's enumerated qualifications for the Senate or House: age, citizenship and residency in the state of election. How much less, then, is the power of a state to disqualify a candidate for lack of property or wealth or, as in Arkansas, to deny ballot space to someone who has already served two or three terms.

Justice Stevens cut quickly through the state's lame argument that it was only limiting "ballot access" and that incumbents were free to run as write-ins. That dodge, he said, was trying to do indirectly what the constitution prevented the state from doing directly. According to Justice Thomas's windy dissent, the qualifications enumerated in the constitution are minimum qualifications that states, through some magic of his imagining, are free to increase. But the constitution gave states no such major role, and indeed envisioned a national legislature of uniformly qualified members.

Monday's ruling was a victory for mainstream constitutional interpretation by Justice Stevens, and Justices Anthony Kennedy, David Souter, Ruth Bader Ginsburg and Stephen Breyer. It was unfortunate that the court's diehard states' rightsers, Justice Thomas, and Justice Sandra Day O'Connor, Antonin Scalia and Chief Justice William Rehnquist, could not see the constitution's national scheme.

—THE NEW YORK TIMES.

An Unwise Swipe at Science

The budget plan approved by the U.S. House of Representatives mounts an assault on scientific research, science training and American research universities that are the envy of the world.

Blinded by ideological fury at government, House Republicans seek to abandon a crucial function of government, the provision of public goods like research that are undersupplied by private markets. Private companies will invest in research that is likely to raise their profit, but they are unwilling to invest in research whose benefits leak out to competitors. By abandoning government's irreplaceable role, the House budget would undermine America's technological base.

The magnitude of the House-passed cuts is shocking. Civilian research would fall over five years from about \$32 billion to \$25 billion, a 35 percent cut after accounting for inflation. Medical research, other than for AIDS, would fall by more than 25 percent. Robert Walker, chairman of the House Science Committee, says the plan would protect basic science. He dissembles.

His budget would increase spending on research by the National Science Foundation. But the small increases would not keep pace with inflation, so the number of university-based scholars, graduate students and research projects that the foundation supports would steadily fall. Indeed the plan envisions wiping out support for social science research.

The House budget would continue to

support the space shuttle and space station, two costly hardware projects with constituencies in key electoral states, but it would provide little money for other aeronautical and space research. It would cut several energy research programs by between 35 percent and 80 percent and reduce research on high-speed rail and other transportation projects.

Not all the research that Washington pays for makes sense. But there is danger in indiscriminately chopping research and undermining a system that has for decades produced the best scientists and graduate programs in the world. The sectors in which America has led the world — from computers and software to agriculture and aircraft manufacturing — can trace their success to heavy federal support.

Mr. Walker could have performed a valuable service by carefully sifting through federal programs to weed out those that needlessly subsidize corporations for research and development projects that they would undertake for themselves. But heavy cutting just to reach a balanced budget quickly risks damaging important economic assets.

The party that preaches cost-benefit analysis for federal agencies ought to practice what it preaches. Cutting the science budget will save a few billion dollars a year in a \$6 trillion economy. Knocking out innovative research can lead to stagnant productivity and growth. But that calculation, the House plan is an irresponsible gamble.

—THE NEW YORK TIMES.

A Dangerous Game Could Weaken America Abroad

By Jim Hoagland

WASHINGTON — The Republican-controlled Congress is playing a high-level game of chicken with the Democratic-controlled White House over foreign aid, presidential authority and America's role in the world. It would be thrilling politics if the stakes were not so high and the rest of the world were not watching and interpreting every move. This is getting to be a dangerous game that damages American prestige and authority abroad.

House Republican leaders are pushing for legislation that will effectively shut down U.S. development aid to the world's poor in a few years. Teaming up with Senator Jesse Helms, the House Republicans also want to restrict President Bill Clinton's power to give aid to Russia, annul Mr. Clinton's latest Cuba refugee policy, force him to name an ambassador to Chinese-occupied Tibet and slash the number of embassies abroad.

These are not unworthy objectives. Mr. Clinton's Cuba and China policies are far from perfect. The threat on aid to Russia should help focus Boris Yeltsin's attention on denying nuclear weapons technology to Iran. Republican proposals to cut foreign aid by at least 15 percent next year have provoked a serious, needed debate about the future of U.S. bureaucracies and programs made

obsolete by the end of the Cold War.

But the slash-and-burn methods of the House Republicans and Mr. Helms communicate to America and the world a deep disrespect for this president, and for the executive branch's historic foreign responsibilities and powers as well. The Republican majorities seem to give little importance to the reality that they are shearing away authority from Republican presidents to come. On June 15, when Mr. Clinton goes to Halifax, for the summit meeting of the Group of Seven industrial democracies, he will have the weakest hand to play of any American president since these meetings began 20 years ago.

To say that the Clintonites have brought a great deal of this disrespect on themselves is to state the obvious. Small wonder the Republicans seize on China and Cuba, two Communist regimes where Clinton policy has been shaped by self-advertised expediency. The administration was at it again this week — caving to the most urgent recent pressure — by reversing itself on granting a visa to President Lee Teng-hui of Taiwan.

After telling Congress that it would not let Mr. Lee visit the United States

because of pressure from Beijing, the State Department is now telling Beijing that it decided to give Mr. Lee a visa because of pressure from Congress.

This is what passes for statesmanship in Washington today.

It is hard to respect policymakers who do not seem to respect themselves. But the proposals the Republicans are pushing, without any serious consultation with the administration will merely compound the weaknesses this White House has shown and project those weaknesses into future presidencies, locking America onto a glide path of international inertia in diplomacy.

"As the 21st century begins, on current trends Germany will be spending 1.9 percent of its gross national product on defense while the United States will still be above 4 percent," a European ambassador to Washington observed recently. "On the other hand we in Europe will strive to give development aid at or near 1 percent of GNP while the United States contribution drops to insignificance. A division of labor is occurring, in which America will use troops to handle hard security and Europe and Japan will handle soft security and preventive diplomacy. Is this what we want?"

If such a division of labor occurred, "it would be both unconscious and unwise," Secretary of State Warren Christo-

pher said when I put the question to him. It would leave the United States with the choice of intervening militarily or doing nothing in the event of crisis abroad, Mr. Christopher added.

Letting Japan and Europe dominate infrastructure aid to poor countries with little input from the United States would give the other industrial democracies considerable advantages in trade and investment flows, adds Brian Atwood, administrator of the Agency for International Development. In his spirited response to a question about the role of development aid, as opposed to military or humanitarian aid, in transforming poor economies into marketplaces viable for American trade and investment.

Republican moderates have remained silent as Mr. Helms and his House acolytes have loaded this session's foreign affairs legislation with features certain to provoke a Clinton veto. The veto, if sustained, would rescue the Republicans from the full impact of their assault on the presidency.

Maybe the moderates are banking on both sides swerving at the last minute. But they run an enormous risk. A Washington stalemate on America's role in the world would be a disaster in today's fluid international environment.

The Washington Post.

This New U.S. Attempt to Remake Japan Is Doomed to Backfire

By William Pfaff

PARIS — In 1917 a Japanese cruiser and three destroyer divisions entered the Mediterranean in response to a call by Britain, its ally since 1902, for Japan's help in the war against German U-boats. For the first time in history, Far Eastern naval power was projected into Western waters. It was a step in Japan's troubled effort to become recognized by the great powers of the West as an equal.

This effort continues today, still incompletely achieved despite Japan's phenomenal military and economic accomplishments. It has been an effort persistently resisted by the United States — with tragic consequences for both countries in the 1940s.

Mickey Kantor and President Bill Clinton's brutal and probably illegal trade sanctions against Japanese luxury car exports follow upon a long history of tension, rivalry and mutual misapprehension between Americans and Japanese. They reveal a profound and culpable ignorance of that history.

The difficulties between Japan and the United States started with an equally brutal trade offensive that of Commodore Matthew Perry's first mission to the so-called hermit kingdom of Japan in 1853, demanding in the name of President Millard Fillmore, and with a threat of military attack if Japan refused, that the Japanese open their markets to foreign goods.

When Commodore Perry returned the next year, two ports were opened to American trade and consular representation. The ruling shogunate's advisers had proposed compliance with the Western barbarians' demands until "by learning the secrets of the West" Japan would be able to deal with the West "on terms of equality." The pattern was set. Japan was initially accorded equal status with the Western allies at the Versailles negotiations following World War I. However, Woodrow Wilson, who dominated that conference, displayed implacable and moralizing hostility to Japan's claim to be awarded Germany's Pacific possessions, and he joined the Europeans in refusing to incorporate into the Versailles treaty a declaration against racial discrimination, sought by Japan.

Tokyo subsequently pursued those "special interests in China, particularly in that part to which her possessions were contiguous" (meaning Manchuria, since Korea was then Japan's colony), which

the United States had acknowledged in a wartime agreement. The American interpretation of that same (ambiguous) agreement was that it had confirmed America's century-old insistence upon an equally "Open Door" to China for all foreign powers.

The United States then pressed Britain to end its alliance with Japan, and at the beginning of the 1920s demanded limits on Japan's naval power, on invidious terms that would hold Japan to three vessels for every five in the British or U.S. fleets. The Japanese found themselves isolated at the Washington naval conference of 1921-22, and had effectively to acknowledge the United States as the Pacific's great power.

This renewed Japan's determination to become a major industrial as well as military nation. But industrial development required mineral and energy resources as well as a guaranteed source of food, and those needs inspired Japan's expansion into Manchuria and its consequent conflict with China, eventually leading to undeclared war.

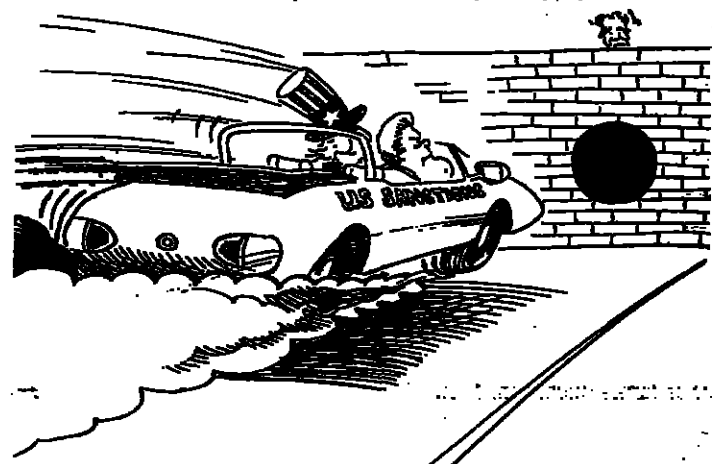
There was continuing trouble with the United States, sanctions against Japan and Japan's with-

drawal from the League of Nations in 1933, all of this producing nationalist and militarist outrage in Japan and the breakdown of liberal and parliamentary government. We know how this all ended.

Such is the history that deserves reflection in the White House. U.S. Commerce Department and Trade Representative's offices, because it is a history being repeated today, out of exactly the same self-righteous ignorance on both sides. The peculiar characteristics of

the American approach to Japan, from 1853 to 1935, have been its unwillingness to deal with Japan as it is, and its insistence that Japan accept American ideas and ideologies. Japan looks at the United States today and is reconfirmed in its conviction that its own way of doing things is better than the American way. It is useless for the United States to go on insisting that its rules are the only valid rules, and that Japan must be compelled to accept them. The only way to deal with the international consequences of the

By HEST is South China Morning Post (Hong Kong), CNW Systems.



This is a very serious matter. Japan is an essential member of the liberal international community. But it is what it is: It possesses its own economic culture. Force will not change this. Force simply penalizes Japan for its membership in that liberal community. Once before Japan was against its will, compelled to quit that community. For the United States to continue on this course is not only ignorant, but it is a threat to America's own future.

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Disturbing Realities Behind the Success of a Cult

By Reiko Hatsumi

TOKYO — Now that Shoko Asahara and his disciples in the Aum Shinrikyo religious sect have been apprehended, one might think that most Japanese would feel immense relief.

But the incident will have enduring repercussions. It brought to the surface many of the unspoken crises that we have long known, undermine our society's patina of blissful productivity.

Aside from a genius to spot human weaknesses and desires, Mr. Asahara is a mundane cult leader with an inordinate passion for money and power. The most disturbing thought is that people who appeared sane and well-educated were drawn with such blind devotion to something so false, contradictory and violent.

A Buddhist nun I saw on television said that Aum is a symbol of an illness that has been growing in Japan since the war — and, as the bombing in Oklahoma City showed, it is an illness that seems to be spreading throughout the

world. In an era of plenty — at least for many — the human race appears disenchanted, without ideals or even cynicism. For some, the only outlet is to destroy.

I am reminded of an experiment an American psychologist told me about. Many birds were gathered on an island and given plenty of food.

"You would think they lived happily thereafter, wouldn't you?" he asked, and I agreed. "No such thing," he said. "The birds turned belligerent, pecking at each other and robbing eggs — not to eat, but just to destroy."

When life is hard we have little time for brooding and mischief. We may aspire to wealth, not knowing that it can bring boredom and that our children, in an environment of affluence, may grow up demanding and immature. Just as children can be cruel — because they lack the experience and imagination to under-

stand the suffering of others — perhaps the agony of innocent people did not matter to Mr. Asahara and his cohorts.

I think most of my countrymen are honest and hard-working, yet also glib, with a childlike naivete and a disinclination to think on their own. Japanese education encourages this. Students are taught to absorb knowledge but not to judge or rationalize.

I used to teach English conversation and my students faithfully memorized set speech patterns. So long as I asked questions directly from the study list, they answered with lightning speed. But if I used even one new word, dead silence reigned. In desperation I resigned from teaching.

By being childlike we also demand emotional security — a guiding hand.

Unfortunately we no longer have a family system. Fathers have abdicated their position as

head of the family. They are too busy working late and commuting. The mothers spur their children to get into good schools so that they can get into good companies and attain better positions than those of their fathers.

The children don't have much to look forward to, except a struggle to get ahead in a crowded, competitive society.

So when someone such as Mr. Asahara comes along and takes time to listen and to give advice that seems to resolve dilemmas and solve problems, the young hand over their hearts and follow.

Japan lacks something else most cultures have: established religions that have stood the test of time and offer a moral standard. Shinto has no code of ethics or dogma. Buddhism has degenerated into a set of rites with which we are buried. Christianity flourished briefly in the Middle Ages but was ruthlessly suppressed. In this spiritual vacuum any new religion can creep in and find nourishment.

Looked at in this light it's a pity that Mr. Asahara is what he is. For if he were a true teacher instead of a charlatan he could have used his gift for attracting people and money to build a haven of peace and good will, somewhere in Japan's green hills, a utopia for those who need emotional help and spiritual guidance — of whom there seem to be so many, nowadays, everywhere.

The writer, author of "Rain and the Feast of the Stars," contributed this view to The New York Times.

The Mexico Rescue Bought Time, for Stability's Sake

By Thomas L. Friedman

WASHINGTON — I have been keeping my eye on Mexico lately, watching the economic indicators there so I can be the first columnist to write that America's \$20 billion bailout of Mexico, which I favored, has worked. This is not that column. This is the column just before that column — the one that says there are a lot of positive indications the Mexican bailout is working, but that it's too soon to be sure.

Am I a chicken, or what? Not really. Because there is something definitive that can be said right now about the Mexico bailout. It always had two objectives.

One was to save the Mexican economy from melting down; the other was to save the system from melting down — the system of developing countries adopting free-market models, privatizing their state-owned industries and financing their growth with domestic savings and private capital from developed countries.

While it is still unclear whether the bailout will bail out Mexico, it is clear that it has preserved the system, by giving time for the other developing countries that were being dragged down with Mexico to get their balance sheets in order and disengage from Mexico's fate. In other words, Mexico's fate is still in doubt, but it is now less important.

At the peak of Mexico's crisis a lot of investors called their brokers and screamed in panic: "Get me

out of all emerging markets" — without distinguishing. That is why Mexico's financial collapse threatened to set off a domino effect. What the U.S.-led bailout of Mexico did was buy time for the next two dominoes in line, Brazil and Argentina, to fortify themselves and to persuade investors that their stories were different from Mexico's.

Argentina just overwhelmingly re-elected President Carlos Menem, who ran on a platform of continued free-market reforms, combined with tight fiscal and monetary policies that will hurt many Argentine workers but promise long-term stability. In other words, Argentine voters looked at Mexico and instead of saying let's try a different model, said let's stick with the same model only do it right. Other dominoes rattled by Mexico, like Peru, India and South Africa, have done the same, and foreign investors are now flocking back.

As for Mexico itself, the peso has stabilized at around 6 to the dollar, from near 8 at the height of the crisis. In the first quarter of this year Mexico ran a \$165 million trade surplus, versus a \$4.3 billion deficit the same period a year ago. Its exports were up 33 percent — signs that the government's new policies are working.

But that's also Mexico's problem. The rescue plan is working,

It is putting the Mexican people through a brutal recession, like wiring someone's jaw shut to lose weight. With 500,000 newly unemployed, the potential for a social explosion remains very high.

On the finance side, the main problems are banks, banks, banks. There are a lot of Mexicans with variable-rate mortgages who cannot repay at the current high rates, so the banks are carrying huge amounts of bad loans. The potential for bank runs, or for the government to have to prop up banks with cash and create more inflation, is still real. Until foreigners are assured that Mexico's inflation is under control, it is unlikely they will return in large numbers, and the government will still need to draw bailout funds.

Still, President Bill Clinton's decision to rescue Mexico was the largest nonmilitary international commitment by America since the Marshall Plan. It was done without congressional or public support, because it meant bailing out some U.S. speculators as well. But what Mr. Clinton understood was that it was important to rescue Mexico — not because a few big American investors would be helped, but despite that fact. Because the issue was never just Mexico, but the stability of the global system.

Some reckless populists advocated doing nothing. But as bank-

ers will tell you, it was that sort of shortsighted thinking that made the Great Depression "Great."

No, if this works, the Mexico bailout could go down as the least popular, least understood, but most important foreign policy decision of the Clinton presidency. But this is not that column. This is the column just before ...

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Martyrs of 1870

PARIS — [The Herald says in an editorial:] Only a superficial observer can suppose that France has forgotten her disasters of 1870. It is now announced that a monument is to be erected to the memory of those who fell while defending their country in 1870. The laying of the first stone will assume the character of a patriotic demonstration, and the ceremony will certainly be marked by the delivery of a number of patriotic speeches.

1920: One Irish Council

LONDON — An official report was issued this evening of an interview regarding the new Irish Home Rule Bill. The "Government of Ireland Bill amendment," headed by Mr. Stephen Gwynn, urged that drastic changes should be made in the

bill in order to secure a lasting settlement. Instead of a Southern and a Northern Parliament he wants the establishment of a Parliament of Ireland, consisting of the Southern and the Northern bi-cameral legislatures, to constitute the Council of Ireland.

1945: Not Yet, Manila

MANILA — President Sergio Osmeña told a press conference today that he did not expect the Philippines to be granted independence on Aug. 13 as he originally hoped, but that the late President Roosevelt and President Truman had determined that the islands should be given their freedom by July 4, 1946. Aug. 13 is the forty-seventh anniversary of the American occupation. President Osmeña said that date was "too close" for achieving independence in view of present conditions.



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S.A. au capital de 1.200.000 F. RCS Nanterre B 733021126. Commission Paritaire No. 61337
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OPINION/LETTERS

Newt's Thoughts: In for the Long Haul

By E. J. Dionne Jr.

The following was handed to me by a source called Deep Wave. It purports to be a fragment from House Speaker Newt Gingrich's diary. I cannot vouch for its authenticity, but do believe it accurately reflects his thinking.

DEAR DIARY,
So they all think I'm running for president. The journalists love it because they know that Dole, Gramm and the rest will put him to sleep. I know the real bias of the press isn't liberal (though I love to say so). What the press wants is an interesting fight, which I am extraordinarily well equipped

So that's the ticket: Keep them thinking I'm running in 1996, but stay out of it.

to give them. And a lot of Republicans — Jack Kemp, Bill Bennett, C-SPAN viewers — think I should run because this is a weak field.

Well, of course, I'd be an extraordinarily better candidate than these guys. I mean, they are by orders of magnitude below the level of understanding or strategy we need to beat Clinton. I'm a revolutionary; they're reactionaries. I guess I couldn't use that line in the primaries, but it's true. Dole, no matter what he says, is still the tax collector for the welfare state, and his speeches sound as if they were written by a clerk of the Senate asked to describe tomorrow's legislative day.

And Phil Gramm? If Gramm were a Democrat, what I could do with that story about the soft porn film investment! I mean, it's "Woody Allen values" all over again. Or how about: "Normal Americans don't invest in porn." Phil is O.K. on economics — he really believes the free-market stuff, even for dirty movies. But the values crowd doesn't trust him. It's extraordinarily stupid that Phil of all people has to go even further right just to reassure these folks. Am I the only Republican who knows that you can save hunchbacks, call for school prayer and praise FDR, Martin Luther King Jr. and tolerance at the same time? When they call you inconsistent, your friends say you're complex, deep, visionary. (Well, I am a transformational figure, right?)

This field is so extraordinarily weak that Pat Buchanan is going to surprise people. He's the only one who understands the appeal of nationalism. Yeah, he's doing it wrong with the protectionism stuff — our business guys hate that. My formulation is better: "We want to

communicate a vision of an America which is the decisive economic power on the planet, which is the most competitive nation, which is capable of leading the human race and which has re-established here at home a culture that works." That way, you get all the nationalist votes, all the cultural conservative votes, but don't offend the entrepreneurs, the CEOs. They hear the free market stuff and ignore the cultural stuff. Smart guys. I mean, are these other Republicans as incredibly dumb as they look?

So, yeah, I'm extraordinarily hot right now and the other guys, very frankly, are behind the wave. This is truly the most extraordinary opportunity in generations to force the level of change the country needs to move into the 21st century. (Nobody knows what I mean when I say that, but they love it.) I'm also the only guy who can pacify all the wings of the party. The left helps me all the time by saying I'm so mean. If some of these right-wingers believe I'm mean, they'll let me say anything I need to say to win. It worked for Nixon, didn't it? I can praise old FDR as much as I want; the right figures know I don't really mean it.

By the fall, people will be sick to death of these other Republicans. Dole and Gramm will have torn each other to pieces. The moderate Republicans will kill Dole on the tax cut. In the meantime, I can get the House Republicans to do anything I say. I'll be politely waiting for the Senate and making nice noises about how poor Bob Dole has a tough time over there. Pity is the best way to undercut somebody's claim to leadership. Then I jump in as the savior.

The reporters like that scenario, but the reporters have never understood that I'm playing an extraordinarily long game. My best scenario is to have Dole get the nomination, not get Colin Powell as a running mate, and have Clinton beat him narrowly. If the election is close enough, we can keep the House and I'll still be speaker. With Clinton in the White House, we'd gain big-time in the 1998 midterms. Newt for the New Millennium! And as somebody told me recently, the best thing for me would be a weak Democratic president — Clinton as Franklin Pierce or James Buchanan. Then the country would be ready for all the big changes I have in mind. Remember, after Pierce and Buchanan came Lincoln.

Besides, if I ran this time, think of all the remarkably grotesque stories the press would

cook up. They'd love to tear me down the way they tried to tear down Clinton. (Standing up to the press in '92 is the one thing I respect about Clinton.) But if I wait four years, the country will get accustomed to me. What the press says won't matter because most voters will figure they know who I am. And if I don't run this time, I can go through this whole election cycle with reporters falling all over themselves writing fawning stories about how I'm so much better than the rest of these guys. (How about: "The Missing Savior" on the cover of two newsmagazines in the same week? If anyone can pull that off, my press secretary Tony Blankley can.) So that's the ticket: Keep them thinking I'm running in 1996, but stay out of it.

Blankley says I have to stop keeping this diary because it might leak. He's wrong. Imagine what Rupert Murdoch will pay for this. And if David Bonior says anything, I'll ask him why it was O.K. for the saintly Mario Cuomo to sell his diaries. Besides, if any of this leaks, I'll just say that it's a disgusting invention of an unbelievably cynical left-wing press corps. That always works.

The Washington Post.

Delicate Mideast Talks in a New York Taxi Cab

By Sarah Shapiro

JERUSALEM — The American Automobile Association guy who showed up a few weeks ago at Los Angeles International Airport to jumpstart my mother's stalled car turned out to be from Israel. I had just arrived on an El Al flight from Israel, where generally

MEANWHILE

speaking, you don't make friendly conversation with Israelis.

"Oh, you're from Israel?" my sister inquired cheerily, as if greeting a long-lost relative. She had flown down from Oakland and had come with my mother to meet me at the airport. "We're Jewish!"

The young man, paused as he opened the hood and gave us a wary but not unfriendly smile.

"And my sister," she gestured happily toward me, "lives in Israel. In Jerusalem."

I squirmed. Didn't she realize that the man jump-starting our car was in all likelihood a believer in the doctrine of jihad, by which it is Muslims' religious duty to remove the infidels occupying sacred Islamic soil? The Iranian, however, nodded cordially. "Shalom," he greeted me, with what I think was a hint of amusement at my sister's ever-so-American innocence and goodwill. His eyes met mine in mutual relief: Here in Los Angeles,

we don't have to hate each other.

"Shalom," I said, amazed.

During my 10 days of vacation, there were other encounters the likes of which I am not privileged to enjoy back in the Middle East. In America the Beautiful, Jew and Arab can be next-door neighbors meeting far from home. There was a conversation in New York with a Lebanese dress shop owner on Second Avenue and another with an Iraqi businessman's wife on a downtown bus. And around the corner from my hotel on 51st Street, there was the counterwoman at the local delicatessen: At 5:45 A.M. on my first day in the city, he noticed me waiting outside on the sidewalk. "You wake early?" he asked as he unlocked his door. "I'm not on New York time yet."

He asked where I was from and I told him.

"Ah!" he said. "I am from Jordan. Shalom!"

Again that sense of uncanny camaraderie. Every morning that week, he opened up for me while it was still dark and graciously served me coffee and The New York Times. It was almost as if we were the cousins that in truth we are.

It became self-evident that I longed for this friendly banter, which

seemed with ease to dispel 2,000 years of murderous antipathy. On my way to the airport to return to Israel, the taxi driver's dashboard identification plate was unambiguous.

"Nasser?" I asked him, thinking dimly of the Suez Canal in 1956, the invasion in 1967, the Yom Kippur War in 1973. "That's an interesting name. Are you from the Middle East?"

He adjusted the rear-view mirror to get me in view. "Egypt."

"Oh! I'm from Israel!" I exclaimed lightly. Two weeks in America and I was already sounding like my sister from Oakland. "We're enemies!"

His eyes in the mirror moved darkly behind his tinted glasses. Perhaps he didn't think that was funny.

But thank goodness, he smiled slightly and through 10 miles of heavy traffic we shot the breeze about falafel, the Pyramids, Anwar Sadat. Then I popped the question: "So what do you think of the peace process now? You think we'll have peace?"

He lifted one hand off the steering wheel, palm up, toward the ceiling of his yellow cab and the smoggy New York sky — in that same wordless gesture of surrender to God's omnipotence that Israelis use. I nodded in agreement. We share one God, Mr. Nasser and I, that's for sure.

Then he said, "There will be peace only when Arafat possesses Jerusalem."

"What?" There in his back seat I felt the adrenaline soar instantly. "What do you mean, when Arafat possesses Jerusalem? Arafat's not going to get Jerusalem, ever. He will never get Jerusalem."

He was eyeing me in the mirror. "You ask me when there will be peace and I tell you. When the Muslim world again controls Jeru..."

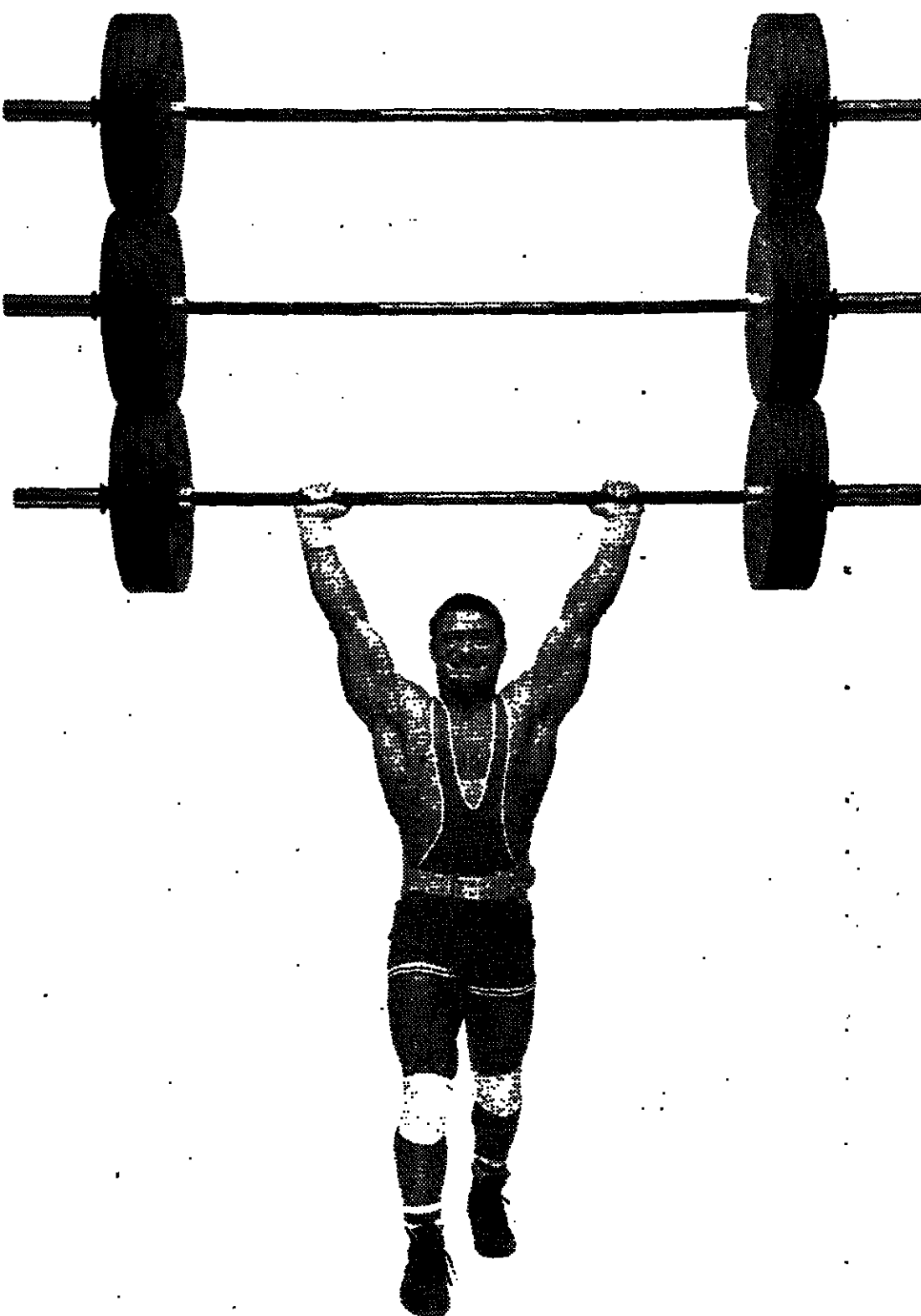
"You will never get Jerusalem. Jerusalem is ours forever." I heard my voice rising. "I promise you, 100 percent, have no question about it, forever. With all your thousands upon thousands of miles of land, all those incredibly huge countries of yours, and our ridiculously tiny country! Jerusalem is the one corner in the world you will not take away from us! Ever! That's a promise! I promise you!"

Another example of open communication that one wouldn't wisely indulge in, back in our own backyard.

We were soon pulling up to the El Al terminal for my flight to the Holy City. Mr. Nasser helped me with my bags, wished me a safe and pleasant journey and we bid each other farewell, his cab vanishing in traffic to the Long Island Expressway.

Ms. Shapiro is a writer based in Jerusalem. She contributed this comment to the Los Angeles Times.

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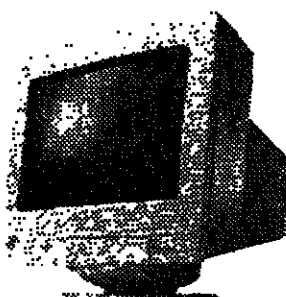


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LETTERS TO THE EDITOR

A Senator and the UN

Regarding "Helms Seeks Cuts in Financing UN" (May 8):

Unfortunately, Senator Jesse Helms does not appear to understand the United Nations system or the indispensability of foreign aid for achieving certain U.S. foreign policy aims, both economic and political.

He insists on reducing funds to important UN organizations where funding is voluntary, such as the UN Development Program and the UN Population Fund. This is easy. Fortunately, he does not mention cutting budgets of organizations such as the Food and Agriculture Organization where the percentage of U.S. funding is compulsory. The work of the FAO secretariat is, however, dependent on technical assistance for agriculture that is mostly funded by UN Development Program.

U.S. funding for UNICEF is not to be reduced. The Development Program, the Population Fund and UNICEF, however, share the same goals. For example, they are cooperating in implementing the action plan for population, the

world's most crucial concern. UNICEF has done outstanding work, but so have many of the other organizations.

United Nations organizations are above all information centers and forums essential in an increasingly international world, and of benefit to all countries, including developed nations.

MARGARET BISWAS,
Oxford, England.

The Size of a Library

Regarding "Paris Gets a Large Eyesore for Lots and Lots of Books" (Meanwhile, April 26) by Amy Schwarz:

The writer says that the Bibliothèque de France is ugly, accusing it of "giantism" and in the same breath claiming that doubling the thickness of the glass "reduces the library's capacity." Does she really believe that double glazing makes a difference to interior volume in a building of this size, or is she just jealous that no other city can boast of a similar building and using any argument at all to belittle the finest library in the world?

ARMAND GUDJONSON,
Fontenay-sur-Bois, France.

11 Months Old, and Just Wed

India Debates Tradition of Child Marriage

By John Ward Anderson
Washington Post Service

BALI, India — Sumitra Jogi cried at her wedding, but not for the usual reasons. Dressed in a pink sari, the bride — an 11-month-old who is still breast-feeding — was married to a 6-year-old boy in this remote desert village.

As Sumitra's father smiled approvingly, the baby's mother recited her daughter's vows while cradling the sleepy infant in her arms. Then the groom, bedecked in a red and gold turban, clasped Sumitra's hand and, with her mother carrying her, led his bride three and a half times around a sacred fire, their first steps together as husband and wife.

Government officials and social-welfare groups estimate that hundreds and possibly thousands of such illegal child marriages were performed here and in the rest of Rajasthan State in western India on May 2, which Hindus deemed a particularly favorable date for matrimony.

Like many of those children, Sumitra was married in a joint ceremony: she and her 12- and

16-year-old sisters were wed to three brothers, aged 6, 14 and 17, from a nearby village.

"In rural Rajasthan, all the girls are married by age 14," said Ratanaktyayam, a lawyer who directs a social welfare group called the Mukti Dhara Sansthan. "These are poor, illiterate families, and they don't want to keep their girls past their first menstrual cycle."

Experts say that child marriages are on the decline in most urban areas, where families are more affluent and laws prohibiting weddings of children under 18 are easier to enforce. But in rural communities, child marriages are still common.

Families cite social and economic reasons. The younger the bride, the smaller the dowry demanded, they say. They also like the security of marrying off a daughter to a suitable husband early in life.

According to the most recent government statistics, the mean age of a bride in Rajasthan is 16, and about 18 percent of girls 10 to 14 are married. In some rural districts, however, as many as half the girls in that age group are married, according to a 1991 study by the state's De-

partment of Women and Child Development.

There is intense disagreement among social workers over whether child marriages are a serious problem or simply a misunderstood cultural phenomenon.

Some say child marriages have a debilitating impact on young people, particularly girls thrust into early motherhood. And even though many of the young couples do not live together until age 16 or 17, they often are pulled out of school immediately after marriage and put to work full time, stunting their potential and depriving them of any control they may have had over their lives.

And some experts say that the government, in outlawing a centuries-old tradition, is being shortsighted. "These critics prefer programs that attack what they see as the underlying causes of child marriages: poverty and illiteracy, which is as high as 95 percent among women in rural Rajasthan, according to some estimates."

"There is no child marriage in the urban areas or where there has been upward economic mobility," said Sharda Jain, an official of Sadan Research Center, an organization in Jaipur, the Rajasthan capital, that specializes in education issues. "The moment people are well off, they don't marry off their children."

The debate among social workers and government officials does not seem to concern the people of Bali and other rural Rajasthanis. Their concerns were more prosaic.

"If we do separate marriages, each marriage will become very expensive," said Lakshmi, the grandmother of the three brides. "But when you do it together, into the same family, you save money."

Harigi Jogi, the girls' father said the triple wedding cost him the equivalent of \$650 — about 20 months of his family's wages. Much of the money went for the traditional wedding feast for all 150 residents of the village, where Mr. Jogi's family has lived for nine generations.

Experts said Sumitra would probably remain at home until about age 8, when she would be sent to her in-laws' house. In such cases, according to experts, there is intense pressure for the brides to begin sexual relations at very early ages.



Sir Leon Brittan laughing Wednesday at a snapshot taken by Ryutaro Hashimoto, right, the Japanese trade minister.

OECD: U.S. Finds Japan and Europe Winning War of Words on Trade

Continued from Page 1

unilateralism. Mr. Brown, in fact, found himself on shaky ground Wednesday when asked how much Washington had satisfied itself that its own threat of sanctions against Japan was fully legal, and compatible with the treaty that led to the formation of the World Trade Organization.

The commerce chief conceded there were doubts about the legality of the U.S. sanctions move. "Certainly there are mixed views," he said. "A judgment will have to be made on that."

That judgment could eventually come from the WTO, which is where the Japanese government went with its protest last week.

Japan's efforts to counter the U.S. sanctions threat then unfolded across Europe as its officials lobbied for support. In Paris, during the OECD gathering this week, the Japanese set up one of the most elaborate lobbying operations in recent history, fanning out to persuade Europeans that Washington was all wrong.

Japan's secret weapon was its trade minister, Ryutaro Hashimoto, who buttonholed ministers here. In countless interviews and statements, Mr. Hashimoto laid down the conditions for resuming a dialogue with Washington, starting with a lifting of the threat of sanctions.

At the end of the OECD conference Japan had not won the trade dispute, but it had showed itself much better organized in stepping up to a world role than might have been imagined in the past. The European Union, busy preparing for a summit with Japan next month, also projected power through rhetoric.

And the United States, which campaigned for open markets and touted the fact that all governments agree with free trading, looked less convincing than it had in quite some time.

AFRICA: Pretoria's Retired Officers Seek New Wars

Continued from Page 1

vimbi, a client of South Africa and the United States. Their enemies at the time, in addition to the Angolan Army, were the 50,000 Cubans sent by Havana to bolster the forces of a communist ally.

But now, in addition to training Angolan government soldiers, military observers here said that in the last two years the recruits have moved into remote bases that were abandoned after the Cubans pulled out in 1991, upgrading communications and flying highly effective combat sorties.

"The line of what is a merce-

nary and what is not is a matter of interpretation, but they made an invaluable contribution to the operations of MPLA on the ground," said William Sass, a retired brigadier of the South African Defense Force, referring to the governing Popular Movement for the Liberation of Angola. "If UNITA had not signed the cease-fire one could easily conceive of them having been wiped out."

South African officials described Executive Outcomes as a dangerous outfit and conceded that it could destabilize the region. So far, however, the officials said current laws leave the government nearly powerless to crack down on such groups.

With its Angolan successes high on its résumé, Executive Outcomes has been aggressively marketing itself to other African countries with civil wars or other security problems. Just last week, the company announced that it had signed a deal with the government of Sierra Leone to help its poorly organized army fight its civil war against a shadowy but increasingly effective rebel force known as the Revolutionary United Front.

Beyond Angola and Sierra Leone, Executive Outcomes has declined to specify the African countries in which it is involved. Experts in African military affairs said there were indications that the group has opened talks with the Sudan, Somalia, Mozambique and Malawi.

Officials of the company always have declined to reveal the terms of their agreements with African countries, or even how many men they employ. They said that only Eben Barlow, its general manager, who is a veteran of the Angolan conflict and a former officer in the South African intelligence service, was authorized to speak publicly about Executive Outcomes.

But Mr. Barlow, who is 38, would not return calls seeking comment. Assistants said he was out of the country this week and could not be reached.

In the past, Mr. Barlow has reacted angrily to suggestions that he is running a mercenary outfit.

"Where the security in a country is a problem, we assist," he recently told Reuters. "We assist in water purification, construction and medical services. White South Africans are the only ones prepared to make a difference."

People familiar with the operations of the company scoffed at the notion that civil construction is a large part of its activities. Instead, they describe a business that takes little interest in the moral implications of its work and is willing to sign on with whoever can pay them.

Jackie Cilliers, director of the Institute for Defense Policy, in Johannesburg, said of the company: "While it may have actually contributed to a settlement in Angola, we may be witnessing the creation of something outside the control of government that could easily become a force for destabilization in Africa. It is guns for hire."

Both Britain and France, though, were determined not to use taxpayers' money, especially since the previous big Anglo-French project, the Concorde supersonic airliner, had been as financially disastrous as it was technologically successful.

Instead, they turned over both the technical challenges and the financial uncertainties to the private sector, choosing Eurotunnel to operate the tunnel for 58 years starting last May in return for building and paying for it.

After six and a half years building a system that in many ways is as complex as the Concorde, the tunnel was inaugurated on May 6, 1994, linking Folkestone, England, to Calais, France.

Less than two weeks later, Eurotunnel began limited freight service. The same month, the company raised \$1.3 billion from shareholders — on top of \$2.4 billion from earlier stock sales — after issuing a prospectus promising a rapid start-up of services and a quickly improving financial situation.

EU Warns U.S. on Plan For Quotas In Japan

By Nathaniel C. Nash
New York Times Service

PARIS — Fearing they might be cut out of a deal on auto imports, European countries warned Japan and the United States on Wednesday that they would take their case to the World Trade Organization if Japan agreed to demands to set numerical targets on imports of American cars.

It was the most aggressive step to date by Europeans, one aimed primarily at the United States, that underscored how upset they are at U.S. tactics to open the Japanese car market to American automobiles by threatening to impose sanctions of 100 percent on 13 Japanese luxury cars.

The warning came as Commerce Secretary Ronald H. Brown admitted that the U.S. government was unsure of its legal standing in such threats of trade retaliation. Mr. Brown said that government lawyers had given mixed opinions on whether the American action to increase tariffs on Japanese cars was legal within the new international trade law adopted last year.

The United States has demanded that Japan force open its markets and set a figure for increased American auto sales by June 28 or it will impose such sanctions.

Trade specialists noted that the recent world trade agreement specifically sets tariff levels for automobile imports and that any increase of them is a blatant violation of the new law.

The heightening of tensions between Europe and the United States came on the last of a tense two-day meeting of the Organization for Economic Co-operation and Development here, where the United States threatened to impose \$5.9 billion in extra tariffs on Japanese luxury cars in retaliation for Japan's closed markets overshadowed other debate.

Japan pushed hard to include language in the meeting's communiqué that explicitly condemned the use of unilateral trade actions, and officials said all OECD members supported the Japanese position except the United States.

But it was the threat of the United States to not support the final communiqué, and Japan's willingness to avoid an outright conflict, that kept the language out of the document, officials said.

The threat by European officials now places them in the middle of the automobile trade debate and highlights the level of European frustration with tactics that amount to a threat of a trade war, only months after more than 100 countries signed an agreement meant to settle disputes through a system based at the World Trade Organization.

"We believe such numerically denominated imports amount to managed trade and would violate international trade rules," said Sir Leon Brittan, the European Union's chief trade official. "We would give very serious consideration to taking action against such an agreement at the WTO."

Sir Leon delivered the warnings Wednesday morning to Japan on behalf of the 15-member organization at a meeting between French, German and Spanish officials and Japan's senior trade officials.

Japan welcomed the statement by the European Union, since it announced to support for the Japanese position against the United States in their trade dispute.

Though there was little agreement that Japan's markets are not fully open to foreign competition, almost every member of the OECD, an organization of the world's 25 richest countries, was visibly upset over American plans to take unilateral action against Japan and not let the entire matter rest with the WTO.

U.S. officials argued that after two days of talks with fellow OECD members, they had gained support. But others here said no other country was willing to support the use of sanctions against Japan.

Numerical targets are not a new concept in Japanese-American trade relations. But since the new round of negotiations between Japan and the United States began two years ago, Japan has been resisted that idea. "We cannot force Japanese auto dealers to sell American cars," said Atsushi Oi, director of the automobile industry division of the Japanese trade ministry, and the main bureaucrat brought here to persuade Europeans that Japan has tried to open its markets to American cars. "We cannot do any more."

Chirac Ally Probed for Corruption

Reuters

PARIS — A judge placed a long-time associate of President Jacques Chirac under investigation Wednesday on suspicion of influence-peddling, justice sources said.

Georges Péro, the former head of the Paris housing board, was being formally investigated in connection with falsified invoices involving the construction of subsidized housing, they said.

Mr. Péro served at city hall under Mr. Chirac, who was mayor of Paris until he was elected to the presidency two weeks ago. Mr. Péro, who took early retirement in 1993, is a member of Mr. Chirac's Rally for the Republic party and is a mayor in the president's home department of Cortez.

He was placed under investigation by a magistrate, Eric Halphen, who is investigating suspected illegal financing by the party, one of several probes into the finances of major French political organizations.

The sources said Judge Halphen had Mr. Péro's office and home searched by the police.

Meanwhile, a court in the southern city of Nîmes jailed a Socialist senator, Claude Pradelle, for five years on Wednesday for embezzlement, justice sources said.

CHUNNEL: In Financial Straits

Continued from Page 1

ed even further. The Eurotunnel management, often criticized by bankers for failing to make the transition from construction manager to travel company, would probably be replaced.

The banks, which include Citibank, a unit of Citicorp, and Bank of America, part of BankAmerica, would effectively take control. The British and French governments, which organized the project and tacitly lent their prestige to it, would be left acutely embarrassed.

"The Channel Tunnel is a great engineering achievement that will generate huge cash flows eventually," Sir Alastair said. "The only question is whether the shareholders will still own it."

But Sir Alastair said he remained optimistic. He said traffic was rising, operating difficulties were declining and financial results improving.

But the past problems of the tunnel have analysts, investors and government officials far less sanguine. The history of the Eurotunnel is a catalogue of broken construction schedules and budgets, of problems getting its highly sophisticated trains, safety and switching equipment operating properly, and of failure to meet its revenue and traffic forecasts.

A key indicator is Eurotunnel's share price, which was above £10 in the late 1980s but has since tumbled. Units of Eurotunnel closed in Paris on Wednesday at 15.80 francs — about £2 — down from 15.85 francs.

BOSNIA: Air-Strike Threat

Continued from Page 1

Serbs to return to peace negotiations.

A U.S. envoy, Robert Frasure, left Belgrade on Tuesday after failing to persuade Mr. Milosevic to recognize Bosnia in exchange for a suspension of sanctions. Another diplomat, Alexander Zorov, a Russian presidential envoy, arrived in Belgrade on Wednesday.

The United States, Russia, France, Germany and Britain had hoped that a diplomatic mission to offer Serbia relief from UN sanctions in exchange for formal recognition of Bosnia would finally break months of frustration in the search for peace.

Mr. Milosevic and Mr. Frasure held several meetings over the past week but broke off talks when neither side budged on the extent to which trade barriers would be lifted in return for recognition of Bosnia, diplomatic sources said.

Mr. Milosevic said he would recognize Bosnia only if sanctions were lifted permanently. Mr. Frasure said negotiators could not agree to such an immediate and wholesale concession, the diplomatic sources reported.

(Reuters, W.P. AP)

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HEALTH/SCIENCE

Ulcer Bacterium Found in Water

WASHINGTON — An important clue as to how people are infected with the bacterium that causes stomach ulcers was reported by researchers at a meeting here of the American Society for Microbiology. They say they have identified the source of the source of infection.

The bacterium, known as *Helicobacter pylori*, is known to be an important cause of stomach ulcers throughout the world. Epidemiologic studies have also shown that it increases the risk of stomach cancer. *H. pylori* has not been documented in the environment, although epidemiologic studies strongly hint that drinking water is a potential source of the bacterium.

Dr. David B. Schauer, a member of the team from the Massachusetts Institute of Technology that found the bacterium in water, said, "The burden is on us to show it's out there."

To increase the chance of discovery, they looked in Narin, Colombia, where there is known to be a high incidence of *Helicobacter* infections. On the basis of preliminary results, Schauer said, the team found *H. pylori* in drinking water.

To strengthen the theory that *H. pylori* can be spread through contaminated water, the MIT team intends to study the genetic fingerprints of *H. pylori*, which vary widely among the bacteria. If they can link the types found in cases with those found in the contaminated water, the scientific link for such transmission will be stronger.

The Flowers and the Bees: Which Came First?

By John Noble Wilford
New York Times Service

NEW YORK — Before time turned them to stone at least 220 million years ago, the fossilized logs of the Petrified Forest in eastern Arizona stood as tall trees in a tropical environment.

Many of them, scientists have now discovered, still bear traces of insect nests the trees once harbored. The logs are riddled with holes containing little chambers strung together in lines or clusters, nearly everything about them resembling the nests of modern bees.

The problem is that flowers date from only half as long ago. Could bees have lived before flowers? The very idea, once unthinkable, is upsetting traditional theory about the early history of bees and their supposed co-evolution with flowering plants, or angiosperms.

If confirmed, the findings at the Petrified Forest mean that bees were buzzing around 140 million years earlier than previously thought. The oldest

known fossil of a bee is an 80-million-year-old specimen trapped in amber from present-day New Jersey. Scientists now must be on the lookout for fossil bees to fill that huge time gap.

And then they must figure out what those bees were doing before the emergence of angiosperms, the earliest evidence for which is dated at 110 million to 120 million years ago. Either flowers appeared much earlier than anyone can conceive, or the first bees did without flowers for a long time, feeding on and pollinating cone-bearing, woody plants known as gymnosperms, a group that includes conifers, cycads and ferns.

In the latter and more likely case, scientists said, the discovery casts serious doubt on the theory that flowering plants and social insects like bees more or less evolved together, with the spread of flowers presumably influencing the development and proliferation of the bees.

"This new evidence suggests it was probably the other way around, and that insects like bees and wasps may have facilitated the evolution and diversification

Timing the Buzz

220 million years old
Fossil bee nest and wasp cocoons

115 million years old
Fossil bee nest
110-120 million years old
Fossil bee nest
80 million years old
Fossil bee nest
60 million years old
Fossil bee nest
40 million years old
Fossil bee nest
20 million years old
Fossil bee nest

Source: Stephen T. Hasiotis

of angiosperms," said Stephen T. Hasiotis, a paleobiologist at the U.S. Geological Survey in Denver. Dr. Hasiotis came upon the fossil bee nests while conducting studies aimed at reconstructing the ancient ecosystem and climate at the Petrified Forest. He and other researchers found the remains of several hundred nests and cocoons, and tests put their ages at 207 million to 220 million years. They said the only creatures that make similar structures today are bees and wasps. The discovery was announced last week by Dr. Hasiotis at a regional meeting of the Geological Society of America, held at Montana State University in Bozeman. His collaborators were Dr. Russell Dubiel of the Geological Survey in Denver and Dr. Tim Demko of Colorado State University.

DESPITE the discovery's stunning implications, other scientists tended to react favorably, in part because the evidence seemed compelling and it supported recent revisionist thinking about insect evolution. This stems from a growing recognition that the greatest expansion and diversification of insects occurred many millions of years before the appearance of flowering plants.

"We're all very impressed," said Dr. Charles D. Michener, an entomologist at Kansas University in Lawrence who is the author of "The Social Behavior of Bees," published by Harvard University Press in 1974. Dr. Hasiotis visited the Kansas campus earlier this year and showed the evidence to Michener and his colleagues. Dr. Michener agreed that the

fossil nests looked like the clusters of chambers, or cells, that make up the nests of modern bees. But like other scientists, he cautioned that more research would be needed to confirm the findings. It is always possible that some insect no longer extant made bee-like nests back then. The best evidence, of course, would be to find some fossil bees associated with the nests, he said.

"It's exactly what we would have expected," was the reaction of Dr. J. John Sepkoski Jr., a paleontologist at the University of Chicago. It was he and Dr. Conrad C. Labandeira, a specialist in fossil insects at the Smithsonian Institution's National Museum of Natural History in Washington, who reported two years ago the results of a comprehensive study of insect evolution.

Their conclusions challenged orthodoxy by pointing out that the appearance of flowering plants did not prompt the great diversification of insects because they had been flourishing at least 120 million years before that.

West Bank Dig May Have Found Ancient Temple

By Clyde Haberman
New York Times Service

MOUNT GERIZIM, Israeli-occupied West Bank — "This is where we found a wonderful thing," Dr. Yizhak Magen said, almost bubbly as he picked up a trowel and dug into a small mound of ash. Within seconds, he had scooped up a handful of charred bones of yearling sheep and goats killed more than 2,100 years ago.

"We think that this is where they did their sacrifices," said Dr. Magen, the Israeli government's chief archaeologist for the West Bank. "We found thousands of bones here."

He was standing by a pile of stones that he believed marked an altar of an ancient Samaritan temple built on this rocky mountaintop, venerated by the tiny Samaritan community that endures here just south of the Palestinian town of Nablus. Finding remnants from that temple is satisfying enough, Dr. Magen says. But the discovery may have added poignancy.

He is convinced, based on the writings of the first-century historian Flavius Josephus, that the structure here was a replica of the Second Temple in Jerusalem, the core of Jewish life from the time its construction was started in 520 B.C., until, after many remodelings, it was destroyed in A.D. 70.

Before anyone conjures up Indiana Jones visions of a lost ark lying beneath Mount Gerizim's rocky soil, Dr. Magen points out that the temple and the city surrounding it were burned to the ground in 113 B.C. by the army of John Hyrcanus, leader of the Hasmonean rulers in Judea.

But having found remains like the altar, he is certain that there is more, though there is not likely to be much more, he says. His goal is to find whatever else may be left under the ruins of the Church of Mary Theotokos, which was built on the site starting in A.D. 484.

"We believe that it was here, exactly, that the temple stood," he said, walking across the exposed pavement stones of the Byzantine church.

Josephus wrote that the Samaritan temple was built in the late part of the fourth century B.C., although Dr. Magen suspects that work may actually have started dozens of years later. According to Josephus, there was a love story behind the construction.

MANASSEH, a Jewish high priest in Jerusalem, went against his people's traditions by marrying Nikaso, who was a Samaritan and, as such, a member of a sect that had many customs similar to those of Judaism but that was a bitter rival of the Jews for centuries. Essentially, temple elders gave Manasseh two choices: give up his wife or leave the temple. He chose her.

But Nikaso's father, Sanballat, who was a Samaritan leader, promised to ease the pain of that decision. He built a temple on Mount Gerizim modeled on the one in Jerusalem, Josephus said, with Manasseh installed as chief priest.

Dr. Magen and his research team have been excavating the 2,850-foot (865-meter) peak since 1983, but it is only in the last few years that outer precincts of the temple have emerged.

of uncarved stone as specified in the Pentateuch, the first five books of the Old Testament. The Samaritans rigorously follow the Pentateuch while rejecting the later prophets and the oral traditions that form the basis of Jewish rabbinical law. The altar is near a stone entrance that Magen says formed the temple's northern gate, more than 65 feet wide. "If it is that big," he said, "you can imagine the size of the temple enclosure."

His crew, made up of several dozen Palestinians from nearby Nablus, has unearthed what seem to be other gates facing east and west. On the eastern end of the dig, the workers found a series of walls, one atop another. Byzantine era above Hellenistic era above a long stretch of stone running perhaps 450 feet that Dr. Magen believes may have been the temple wall.

To the west is a staircase of seven stone steps that seem to lead to the temple compound. To the south, west and north, archaeologists have uncovered the ruins of 20 stone houses, a small part of an ancient city of some 10,000 inhabitants spread across more than 100 acres. It is believed, Dr. Magen said, that priests and other temple workers lived there, "close to the temple itself just as their Jewish counterparts did in the Second Temple area."

THREE-FOOT piles of ash found by the diggers attest to the destruction inflicted by John Hyrcanus's forces. But enough of the houses remain to make it clear that they had two floors, and each had its own bathroom, with stone tubs intact in some.

Only a few hundred yards away, within easy sight of these ancient living quarters, are the squat concrete houses of modern Samaritans, a faded community of fewer than 600 people who live both on the lower reaches of Mount Gerizim and in Holon, a working-class suburb of Tel Aviv.

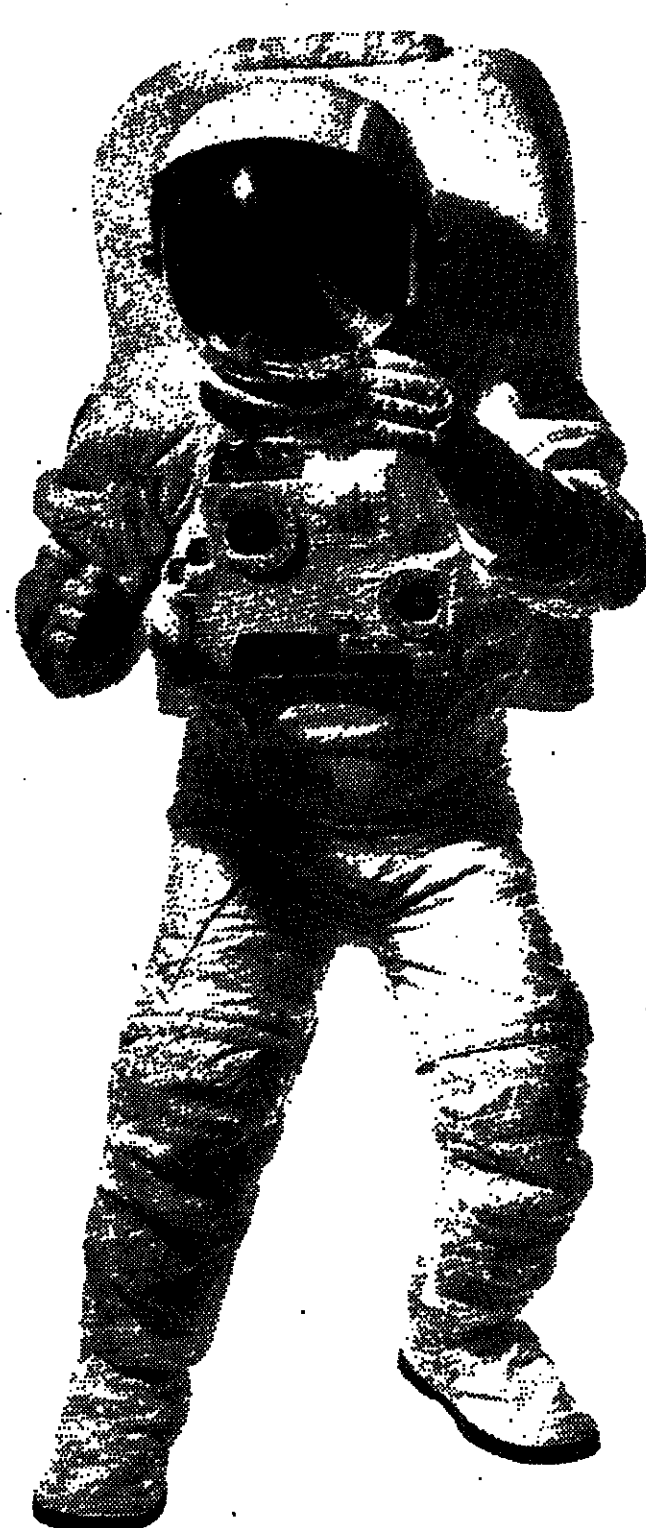
"One bit of good fortune that has surfaced in recent months is a stone fragment from the second or third century B.C. that was inscribed with the Ten Commandments. It was written in the Samaritan script, which is similar to an ancient form of Hebrew known as Paleo-Hebrew."

Other fragmentary inscriptions found on the site contain the word *cohen*, or priest; its plural form, *cohanim*; the name Pinhas, which might refer to a Samaritan priest; and equivalents to the letters Y H V H — the abbreviation for Jehovah, God's name, which Jews are forbidden to pronounce.

Taken together, the finds make Dr. Magen certain that he is on the right track to the heart of the Samaritan temple itself, just below the Mary Theotokos church. Thus far, excavations have been confined largely to the edges of the church, a broad open-air compound measuring 235 feet by 200 feet.

"Centuries after the temple was burned by Hyrcanus and they were banished, the Samaritans came back," he explained. "This was after the Roman era and before the Byzantine period starting in the fourth century. When they came back, they built synagogues and other buildings, and we want to isolate all that before going to the temple area itself."

"It's like a puzzle, and you have to put the pieces together," he said. "It takes a lot of luck."



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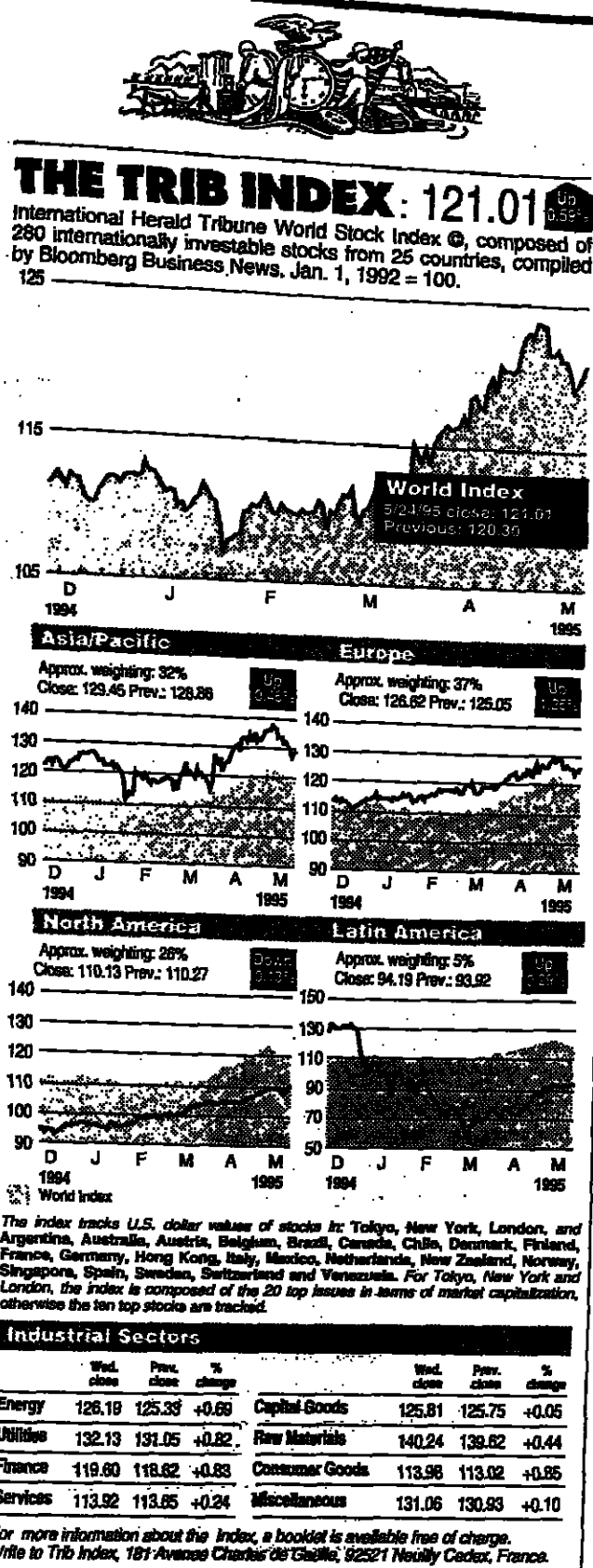
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Can Rally Last for Wall St.?

Another Record On Back of Bonds

By Lawrence Malkin
International Herald Tribune

NEW YORK — U.S. stocks have edged repeatedly into record territory these days, but the pessimists are sure to sell eventually, and the question hanging over this year's rising market is when and how much.

Depending on whether you are the kind of person who sees a glass as half-empty or half-full, the market Wednesday was either listless as investors took profits or was comfortably digesting a two-day, 94-point climb that erased most of last week's sudden losses.

The Dow Jones industrial average rose 20 points Wednesday before retreating. The Dow finished up 1.72 points, at a record 4,338.16, following up on a 40-point rally on Tuesday after interest rates were left unchanged by the Federal Reserve Board.

Stocks have been underpinned by a drop in yields on government bonds. The yield on the benchmark 30-year Treasury bond fell to 6.74 percent Wednesday, the lowest level in 15 months, while the price shot up 1 1/8 percent, to 111 1/8.

Stocks in the Dow Jones average are now selling at about 15 times their annual earnings, and Robert Walberg of M&M International said that if inflation continues at 2.5 percent or 3 percent, the comfortable 3.5 percent dividend yield from stocks will continue to propel the Dow to around 5,000 later this year.

There may be some bumps on the road. "Everyone has his hand on the knob of the exit door," said László Birtinyi, whose firm tracks market behavior by computer. He said some investors thought the Dow's 82-point

See MARKET, Page 14

Cable & Wireless for Sale?

Speculation Centers on Mercury Unit

By Erik Ipsen
International Herald Tribune

LONDON — Long-suffering investors in Cable & Wireless PLC hope that the announcement Thursday of the company's annual results will contain something altogether more inspiring than the expected profit of around £1 billion (\$1.57 billion).

What they are hoping for is news on a possible buyer for part, or even all of the telecommunications operator.

"The market is absolutely berserk with rumors," said Douglas Hawkins, an analyst at Nomura Research Institute. "AT&T, US West, BT, France Telecom and Deutsche Telekom have all been rumored to be interested."

Speculation centers on Cable & Wireless's British telephone unit, Mercury Communications Ltd. Analysts said Mercury needed a partner with deep pockets to help it compete against British Telecommunications PLC and a host of lean new rivals from America.

In December, C & W announced a massive restructuring at Mercury. It dropped its payphone unit and cut 2,500 workers. Those changes are expected to lead to a £120 million charge against C & W's 1994 earnings.

Problems aside, many analysts said that in stronger hands, Mercury could still represent a potent force in its market. The added that for AT&T Corp., Mercury would represent a logical step.

Some analysts have even speculated that the sale of Mercury would free BT to swoop in and pick up the remainder of Cable & Wireless — the bulk of which comprises profitable operations in Asia.

"If they sold Mercury to AT&T, BT could take the rest," said Chris McFadden, an analyst with Merrill Lynch & Co. "BT presently has a large hole in the third leg of its triad strategy: Asia."

Underlying all the speculation is the simple reality that shares in Cable & Wireless are cheap. That makes the company vulnerable. The shares rose 12 pence, to 426, on Wednesday.

Analysts reckon that deleting the value of C & W's 57.5 percent stake in Hong Kong Telecom from its market value, leaves a company valued at as little as £650 million. That, they argue, is an absurdly low price to pay for a range of assets that includes everything from 80 percent of Mercury, to phone monopolies in the Caribbean and a newly forged alliance with the German energy conglomerate VEBA AG.

Cable & Wireless bills itself as a global federation of telecommunications companies. Peter Roe, an analyst with Paribas Capital Markets, describes the idea as akin to a mutual fund specializing in telecommunications companies around the world.

The theory, he says, is that the federation provides the individual arms with freedom to set their own courses and at the same time the opportunity to work together. The idea is that the sum of the parts should be greater than the whole. "The problem is that no one believes them," said Mr. Roe.

One thing that investors do believe is that Cable & Wireless has some excellent assets. Those are by its holding in Hong Kong Telecom, the territory's dominant phone company. Last year Hong Kong Telecom contributed nearly two-thirds of C & W's profits.

Some analysts believe C & W, with annual revenue of roughly £5 billion, is just too small. "In the future the world telecom market will be dominated by just four or five players and Cable & Wireless in its current form will not be one of them," said Mr. Roe of Paribas.

"Either Cable & Wireless get it right or it gets broken up," Mr. McFadden of Merrill Lynch said.

France Places Water Executive Under Scrutiny

Compiled by Our Staff From Dispatches

PARIS — A magistrate placed one of France's most powerful businessmen, Guy Dejouany, under investigation for corruption on Wednesday. Compagnie Générale des Eaux, his company, said.

Mr. Dejouany, chairman of the water and industrial services

tion for alleged political or commercial wrongdoing.

For example, Alain Carignon, a former communications minister, has been accused of taking gifts worth 21 million francs (\$4.1 million) from a unit of the water company Lyonnaise des Eaux, which won a contract to supply the Alpine city of Grenoble while Mr. Carignon was mayor, an office he still holds.

Mr. Carignon was released from custody earlier this month after seven months of pretrial imprisonment. (Reuters, AFP)

Jittery traders pushed the franc down. Page 15.

concern, had been questioned earlier in the day by Paris police as part of a judicial probe into a water-supply contract won by the company in 1991 for the municipality of Saint-Denis, on the French island Réunion in the Indian Ocean.

Under French law, being formally placed under investigation can, but does not automatically, lead to trial. The probe is being led by the magistrate Jean-Michel Preterre, Générale des Eaux has denied any wrongdoing.

The company also faces a separate inquiry by the Paris magistrate Jacqueline Meyson, who is looking into alleged improper links between Générale des Eaux and a consulting firm.

Générale des Eaux shares tumbled 16 francs on news of the investigation, or 2.9 percent, to close at 539 francs. The slide helped drag down the rest of the Paris Bourse, brokers said.

The CAC-40 index of leading French companies fell nearly 5 points, to close at 1,960.67.

Mr. Dejouany is the first top-level French businessman to be formally investigated since the French presidential election on May 7.

But a number of scandals involving suspected corruption by companies and illegal financing of political parties lurked in the background of the election campaign.

The financing of political parties underwent reform last year in an attempt to break the link with business, following a number of high-profile inquiries. Some of France's biggest companies are under investiga-

Usinor-Sacilor Should Be Sold By End of June

By End of June

Reuters

PARIS — France's new government will launch the privatization of Groupe Usinor-Sacilor before the end of June, Finance Ministry sources said Wednesday.

"The privatization of Usinor-Sacilor is in the pipeline, and it should take place before the end of June," a source said at a reception Wednesday after a morning cabinet meeting. The source added that the privatization of Caisse Nationale de Prévoyance, a state-owned life insurance company, also was in the works.

The sale of Usinor-Sacilor, the world's third-largest steel company, could raise about 15 billion francs (\$2.9 billion) for the government.

Echoing campaign promises made by President Jacques Chirac, Prime Minister Alain Juppé said Tuesday that funds from selling state-owned companies had to be used to cut France's budget deficit.

Caisse Nationale de Prévoyance and Usinor-Sacilor were already on the list of companies earmarked for sale. Francis Mer, the chairman of Usinor-Sacilor, said his company was ready for sale now.

INTERNATIONAL MANAGER

Business Success With a Human Face

By Brandon Mitchener
International Herald Tribune

MUNICH — In an era of slash-and-burn corporate downsizing, where every head is considered a liability, SKW Trostberg AG has succeeded by going against the grain.

"We didn't sack one man in the chemicals business during the recession," Wilhelm Simon, the company's chairman said in a recent interview. "We want our workers to feel a sense of security. That's essential to motivation," he said.

SKW is a unit of VIAG AG, the energy-based conglomerate. Mr. Simon said he learned "respect for peoples' jobs" at the age of 36, when he restructured a German company. He had to dismiss a lot of people, many of whom were older than himself.

Shortly after he joined SKW from Imperial Chemical Industries PLC, where he had been one of few German managers to reach the board of a big British company, Mr. Simon promised SKW workers that none of them would be fired.

He kept his word. While shedding SKW's metallurgy activities and turning the company into a specialist in construction chemicals and natural flavorings, Mr. Simon trimmed the company's staff to 1,950 from 2,500 without layoffs at a time most German chemical companies were firing people by the thousands.

A paragraph in "social partnership" was included in a statement of fundamental principles reproduced in the company's annual report: "A company is as

good as its people. For that reason, a good working environment and good personal relationships are important to us. We feel a responsibility for the well-being of our employees. We provide security."

The result, according to Mr. Simon, has been the greatest employee motivation the company can provide, and one

SKW trimmed its staff to 1,950 from 2,500 without layoffs at a time most German chemical companies were firing people by the thousands.

which makes him a welcome sight at the cafeteria or meetings of the company's workers council, which he swore is "as good as our management."

Andreas Hausner, chairman of SKW's group workers council, said Mr. Simon did not exaggerate the sense of labor harmony in the company. "We're on very good terms," he said.

Security carries a price. Employees paid for their job protection with the agreement to do whatever the company asked them. Some older production workers now greet visitors and give tours. Others went into early retirement, though Mr. Hausner said health reasons usually played a role in their decisions.

Mr. Simon said SKW's brand of labor flexibility — rare in Germany, where unions usually put up stiff resistance to changes — is one of the keys to keeping a manufacturing company competitive.

Despite Germany's high wages, it is "an ideal country for high-tech products," Mr. Simon said, citing an abundance of chemists and engineers and an apprenticeship system that meets companies' needs.

Another factor in SKW's success, analysts said, was the company's emphasis on decentralization and niche products.

"Its specialized chemicals businesses aren't as cyclical as others," said Rheinhard Winkler, chairman of Rhine Securities Ltd. in London.

SKW concentrates on high-value-added products that could make money even on small orders.

"Germany was stuck in the old IG Farben strategy, to do everything," Mr. Simon said, referring to the giant, pre-war chemical company.

Now, IG Farben's successors, Hoechst AG, BASF AG and Bayer AG, are also concentrating on high-value-added products and spinning off small units.

VIAG sold 49.8 percent of SKW to the public last week at 29 Deutsche marks per share. The sale netted VIAG over \$10 million DM (\$62.4 million). VIAG has retained a controlling interest in SKW. [Shares in SKW closed at 29.30 DM on their first day of trading Wednesday, Bloomberg Business News reported from Frankfurt.]

CURRENCY & INTEREST RATES

Cross Rates									
	USD	DEM	GBP	JPY	CHF	HKD	SGD	THB	PHP
Australian dollar	1.00	1.37	0.63	100.00	1.48	7.76	1.35	35.48	48.35
British pound	0.75	1.00	1.00	100.00	1.48	7.76	1.35	35.48	48.35
Canadian dollar	0.70	0.95	0.50	100.00	1.48	7.76	1.35	35.48	48.35
French franc	6.55	8.48	4.36	100.00	1.48	7.76	1.35	35.48	48.35
German mark	1.93	2.48	1.25	100.00	1.48	7.76	1.35	35.48	48.35
Italian lira	2036	2636	1336	100.00	1.48	7.76	1.35	35.48	48.35
Japanese yen	100.00	133.00	340.75	100.00	1.48	7.76	1.35	35.48	48.35
New Zealand dollar	0.65	0.85	0.45	100.00	1.48	7.76	1.35	35.48	48.35
Portuguese escudo	200.48	264.36	133.48	100.00	1.48	7.76	1.35	35.48	48.35
Spanish peseta	166.37	216.48	106.63	100.00	1.48	7.76	1.35	35.48	48.35
Swedish krona	8.46	11.03	5.48	100.00	1.48	7.76	1.35	35.48	48.35
Swiss franc	1.48	1.93	0.95	100.00	1.48	7.76	1.35	35.48	48.35
Taiwan dollar	35.48	45.76	22.88	100.00	1.48	7.76	1.35	35.48	48.35
Thai baht	35.48	45.76	22.88	100.00	1.48	7.76	1.35	35.48	48.35
Turkish lira	1.35	1.75	0.85	100.00	1.48	7.76	1.35	35.48	48.35
U.S. dollar	1.00	1.37	0.63	100.00	1.48	7.76	1.35	35.48	48.35
Yen	100.00	133.00	340.75	100.00	1.48	7.76	1.35	35.48	48.35

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	18 month	24 month	36 month	48 month	60 month
London (USD)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt (DEM)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris (FRF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Geneva (CHF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Amsterdam (Gld)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Brussels (Bfr)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Madrid (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Barcelona (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Valencia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Bilbao (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Seville (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Granada (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Malaga (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cordoba (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Jaen (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Huelva (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cartagena (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Murcia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Almeria (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50

Key Money Rates									
	1 month	3 months	6 months	1 year	18 month	24 month	36 month	48 month	60 month
London (USD)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt (DEM)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris (FRF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Geneva (CHF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Amsterdam (Gld)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Brussels (Bfr)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Madrid (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Barcelona (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Valencia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Bilbao (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Seville (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Granada (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Malaga (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cordoba (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Jaen (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Huelva (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cartagena (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Murcia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Almeria (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50

Chargés in Amsterdam, London, Athens, Paris, New York and Zurich, findings to other centers:

Targets rates of 3 U.M.

0.10 to buy and pounds; 0.10 to buy one dollar; * Units of 100; N.D.: not quoted; N.A.: not available

Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.00	Great Brit.	234.14	Mex. peso	6.60	A. dir. rand	1.57	S. Kor. won	70.00
Austrian S.	1.2914	West. Germ S.	12.63	N. Zealand S.	1.57	S. Korea	252	Swed. krona	74.12
Aust. schil.	16.145	Hong. forint	12.63	Hong. forint	12.63	Hong. forint	12.63	Hong. forint	12.63
Brasil real	1.00	Indian rupee	31.35	Polish zloty	25.38	Turkish L.	1.35	Taiwan S.	35.48
Canada dollar	0.70	Indon. rupiah	166.37	Port. escudo	200.48	Taiwan S.	35.48	Taiwan S.	35.48
Czech koruna	26.59	Israeli sheq.	2.038	Russ. ruble	201.00	U.S. dollar	1.00	U.S. dollar	1.00
Danish krona	5.4624	Israeli sheq.	2.038	Russ. ruble	201.00	U.S. dollar	1.00	U.S. dollar	1.00
French franc	6.55	Norw. krone	4.76	Sing. S.	1.2565	U.S. dollar	1.00	U.S. dollar	1.00
Fla. florin	1.4220	Malay, ring.	2.4622						

Forward Rates									
Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day	Currency	30-day
Corrency	1.0710	1.0725	1.0717	Canadian dollar	1.0710	1.0712	1.0712	Corrency	1.0710
Port. Sheqel	1.0710	1.0712	1.0712	Japanese yen	1.0710	1.0712	1.0712	Corrency	1.0710
Swiss franc	1.4401	1.4417	1.4493					Corrency	1.0710
Spain peseta	1.2002	1.1975	1.1978					Corrency	1.0710

Source: ING Bank (Amsterdam); Indesbank Bank (Brussels); Banca Commerciale Italiana (Milan); Banco Paribas (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); Agence France Presse (Paris); Data from Bloomberg, Reuters and A.P.

1 month - last Friday; 3 months - last Friday; 6 months - last Friday; 9 months - last Friday; 1 year - last Friday

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	18 month	24 month	36 month	48 month	60 month
London (USD)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt (DEM)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris (FRF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Geneva (CHF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Amsterdam (Gld)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Brussels (Bfr)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Madrid (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Barcelona (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Valencia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Bilbao (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Seville (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Granada (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Malaga (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cordoba (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Jaen (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Huelva (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cartagena (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Murcia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Almeria (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50

Source: Reuters, Lloyd's Bank

Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates									
	1 month	3 months	6 months	1 year	18 month	24 month	36 month	48 month	60 month
London (USD)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Frankfurt (DEM)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Paris (FRF)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
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Jaen (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Huelva (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Cartagena (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Murcia (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
Almeria (Ptas)	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50

Chargés in Amsterdam, London, Athens, Paris, New York and Zurich, findings to other centers:

Targets rates of 3 U.M.

0.10 to buy and pounds; 0.10 to buy one dollar; * Units of 100; N.D.: not quoted; N.A.: not available

Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.00	Great Brit.	234.14	Mex. peso	6.60	A. dir. rand	1.57	S. Kor. won	70.00
Austrian S.	1.2914	West. Germ S.	12.63	N. Zealand S.	1.57	S. Korea	252	Swed. krona	74.12
Aust. schil.	16.145	Hong. forint	12.63	Hong. forint	12.63	Hong. forint	12.63	Hong. forint	12.63
Brasil real	1.00	Indian rupee	31.35	Polish zloty	25.38	Turkish L.	1.35	Taiwan S.	35.48
Canada dollar	0.70	Indon. rupiah	166.37	Port. escudo	200.48	Taiwan S.	35.48	Taiwan S.	35.48
Czech koruna	26.59	Israeli sheq.	2.038	Russ. ruble	201.00	U.S. dollar	1.00	U.S. dollar	1.00
Danish krona	5.4624	Israeli sheq.	2.038	Russ. ruble	201.00	U.S. dollar	1.00	U.S. dollar	1.00
French franc	6.55	Norw. krone	4.76	Sing. S.	1.2565	U.S. dollar	1.00	U.S. dollar	1.00
Fla. florin	1.4220	Malay, ring.	2.4622						

Forward Rates									
Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day	Currency	30-day
Corrency	1.0710	1.0725	1.0717	Canadian dollar	1.0710	1.0712	1.0712	Corrency	1.0710
Port. Sheqel	1.0710	1.0712	1.0712	Japanese yen	1.0710	1.0712	1.0712	Corrency	1.0710
Swiss franc	1.4401	1.4417	1.4493					Corrency	1.0710
Spain peseta	1.2002	1.1975	1.1978						

THE AMERICAS

MARKET: Can Stock Rally Last?

Continued from Page 13

drop last Thursday was the moment to leave, "but it's usually the second drop and not the first that's the real thing. By then traders have run out of the explanations that kept them in the market the first time and head for the door."

Mr. Biryini's point is that the individual investor does not understand the reciprocal of bond prices, has gotten burned on international stocks, and simply does not know how to invest in big-bang but risky

U.S. Stocks

commodities. Therefore, small investors stick to buying stocks on brand name and pure lunch, pushing their prices beyond intrinsic values and incidentally doing better this year than mutual-fund managers who have rational, value-driven investment plans.

Mr. Biryini's growth portfolio is up 26 percent since he recommended it to clients at the start of the year. It includes technology companies, consumer stocks, pharmaceuticals, and a bank. Texas Instruments Inc., Compaq Computer Corp., Digital Equipment Corp., Hewlett-Packard Co., Johnson & Johnson, Schering-Plough Corp., PepsiCo Inc., Walt Disney Co., and Wells Fargo & Co.

He recommended them because his computer analyses showed other investors were buying them, and if those same investors take flight for any reason and sell out, so will he, taking smaller but still comfortable profits on a market dip of perhaps a few hundred points.

Mr. Walberg, who bases his analysis on broad economic trends and their impact on industries, also can foresee a possible stock-market slippage of 5 percent to 7 percent. He said he thought the correction would probably be the result of technology stocks overreaching themselves, whereupon investors would probably turn to defensive stocks — financial companies, foods, and pharmaceuticals — which incidentally form the other half of Mr. Biryini's model portfolio based purely what people buy and not why.

By course all bets are off, Mr. Walberg said, if the economy revives too strongly in the fall

and the Fed has to clamp down on it with higher interest rates. Almost no one doubts that the market's underlying strength comes from what the administration has called the "Goldilocks recovery" — not too hot, not too cool, but just right in terms of moderate economic growth, steady job creation, low inflation, and healthy corporate profits. But Goldilocks, a TV financial commentator reminded his viewers this week, was chased out by three bears.

Hedge-fund managers, who lead and often accentuate the turns in most markets, have been aware of this for some time. Budge Collins, chairman of Collins Associates of Newport Beach, California, which places hundreds of millions of dollars in pension funds with these speculative funds, reportedly that many have bet 30 percent of their assets on a fall in the market and 80 percent on a rise, which according to the arcane arithmetic of fund accounting represents a "net exposure of only 50 percent long, and that is a defensive position, which expects a bear market."

Bonds Surge After Drip
Bond prices were lifted Wednesday by a government report showing a drop in orders for durable goods in April, news agencies reported.

The drop in orders was seen by bond investors as a sign the U.S. economy was slowing enough to keep inflation in check.

Cheered by the lower interest rates, gaining issues outnumbered losing ones on a 6-to-5 ratio on the New York Stock Exchange.

Micron Technologies was the most active issue on the Big Board, falling 2 1/2, to 47, as investors took profits after the stock reached a record high Tuesday.

Technology stocks have been leading the stock market higher. EMC Corp. rose 1/2, to 24 1/2. Motorola rose 1/2, to 62 1/2. Compaq jumped 1 1/2, to 41 1/2.

Cyclical stocks were a bit weaker, discouraged by the sign of economic slowdown seen in the durable goods data. Ford slipped 1/2, to 28 1/2, and General Motors lost 1/2, to 46 1/2. (Bloomberg, Reuters)

Report Puts 'Soft Landing' in Doubt

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — Evidence mounted Wednesday that the U.S. economy was cooling faster than the Federal Reserve Board intended when it raised interest rates last year.

Orders for long-lasting manufactured goods skidded 4 percent in April, the third straight decline and the steepest since December 1991, the Commerce Department reported. Not only was the drop worse than analysts expected, no major category was spared.

"Today's report confirms that what little momentum was left in the industrial sector has all but disappeared," said Laurence H. Meyer, a consultant in St. Louis.

Nonetheless, analysts generally continued to avoid predicting that the economy's sharp deceleration, to a pace probably slower than the 2.5 percent or so that is

widely thought to be its "speed limit," would deteriorate into recession.

"The picture of a soft-landing is still coherent," said David C. Munro, economist at the New York Consulting Firm High Frequency Economics. Soft landing is the term that has been widely used lately to describe an economy slowing to a noninflationary growth rate without slipping into recession.

"It's not time to call for the crash truck," Mr. Munro added.

Shipments of durable goods fell 2.1 percent last month, the first decline since October, and backlogs of unfilled orders declined, by 0.4 percent, for the first time since August.

The figures tended to increase the chances that the Fed's next move on interest rates would be a cut, but analysts said it remained unlikely this would come as soon as its next scheduled policy meeting in early July.

Tuesday's meeting of the Federal Open Market Committee, which convenes eight

times a year to plot monetary policy, produced no change.

The Fed has raised the target for the federal funds rate seven times since February 1994. The last time it raised the target rate, which prices overnight loans among U.S. banks, was in February 1995. The target set the floor for U.S. interest rates. It currently stands at 6 percent.

With exports booming, long-term interest rates reduced enough to stabilize the housing sector and payrolls still expanding, the economy may well reaccelerate after currently swollen inventories are worked off, analysts said.

The sharp fall in the dollar so far this year has fueled U.S. exports.

Exports hit a record \$65.34 billion in March. The weak dollar makes U.S. goods relatively inexpensive in foreign countries.

[Wayne Ayers, chief economist at Bank of Boston in New York, said the "soft-landing scenario is called into question," Reuters reported from New York.]

Bogle to Step Down as CEO of Vanguard

NEW YORK — John Bogle, a recognized pioneer in the mutual-fund business, said Wednesday that he would retire early next year as chief executive officer of the Vanguard Group of Investment Co.

Mr. Bogle, 66, said he would continue as chairman of the board of directors at Vanguard, which he founded in 1975 and which has come to stand as a prominent advocate of low-cost investing and the concept of index funds. John Brennan, Vanguard's 40-year-old president, is to succeed him as chief executive on Jan. 31.

Mr. Bogle, who suffers from heart disease, said his health had not worsened

lately. But, "I've been tempted to relax just a little bit," he said.

Mr. Bogle also indicated that his decision had been influenced by the strong record of Vanguard, the Pennsylvania-based firm, with more than \$150 billion in assets and 5 million shareholders, ranks second in the industry, behind only Fidelity Management and Research of Boston.

Mr. Bogle is widely known in the investment world as a proponent of low-cost mutual funds and indexing, an approach to investing that seeks to duplicate the performance of market benchmarks such as the Standard & Poor's indexes.

He argues, in essence, that simple, low-cost investment strategies enjoy a natural advantage over anyone who attempts to outmaneuver financial markets with costly research and trading.

That view has many other supporters, on Wall Street and in the academic world, but also encounters fierce opposition among professional investors. "I believe we are witnessing the triumph of indexing," Mr. Bogle said Wednesday. "Our cost advantage will remain overpowering to our foes."

Mr. Bogle said he would continue as chairman of the Vanguard funds.

Dollar Drops on Durable Goods Report

Bloomberg Business News

NEW YORK — The dollar fell against European currencies, but it held steady against the yen Wednesday after a 4 percent decline in orders for durable goods in April fueled speculation that the Federal Reserve Board could reverse course and cut U.S. interest rates.

Decreased interest rates would tend to make dollar de-

posits less attractive relative to deposits in other currencies. U.S. factory orders for big-ticket items fell a larger-than-expected 4 percent last month.

Foreign Exchange

"The fact that the durable goods report was so bad deterred some dollar buyers," said Betsy Reetz, head of institu-

tional currency sales at National Westminster Bank.

The dollar fell to 1.4388 Deutsche marks, from 1.4441 DM on Tuesday. It was unchanged against the yen, at 87.175.

Traders said that rumors that European central banks sold dollars for marks as part of routine reserve adjustments also weighed on the dollar.

Foreign central banks bought

dollars on several occasions this year to support the U.S. currency. Now they have dollars to sell, traders said.

Against other currencies, the dollar fell 5.1140 French francs from 5.1315. It fell to 1.2000 Swiss francs from 1.2030. The pound rose to \$1.5743 from \$1.5705.

A rally in the Treasury-bond market muted the negative effects of the durable goods

WORLD STOCK MARKETS

Wednesday, May 24

Prices in local currencies.

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1970	1980	1990	2000	2010	2020	2030	2040	2050	2060	2070	2080	2090	2100	2110	2120	2130	2140	2150	2160	2170	2180	2190	2200	2210	2220	2230	2240	2250	2260	2270	2280	2290	2300	2310	2320	2330	2340	2350	2360	2370	2380	2390	2400	2410	2420	2430	2440	2450	2460	2470	2480	2490	2500	2510	2520	2530	2540	2550	2560	2570	2580	2590	2600	2610	2620	2630	2640	2650	2660	2670	2680	2690	2700	2710	2720	2730	2740	2750	2760	2770	2780	2790	2800	2810	2820	2830	2840	2850	2860	2870	2880	2890	2900	2910	2920	2930	2940	2950	2960	2970	2980	2990	3000	3010	3020	3030	3040	3050	3060	3070	3080	3090	3100	3110	3120	3130	3140	3150	3160	3170	3180	3190	3200	3210	3220	3230	3240	3250	3260	3270	3280	3290	3300	3310	3320	3330	3340	3350	3360	3370	3380	3390	3400	3410	3420	3430	3440	3450	3460	3470	3480	3490	3500	3510	3520	3530	3540	3550	3560	3570	3580	3590	3600	3610	3620	3630	3640	3650	3660	3670	3680	3690	3700	3710	3720	3730	3740	3750	3760	3770	3780	3790	3800	3810	3820	3830	3840	3850	3860	3870	3880	3890	3900	3910	3920	3930	3940	3950	3960	3970	3980	3990	4000	4010	4020	4030	4040	4050	4060	4070	4080	4090	4100	4110	4120	4130	4140	4150	4160	4170	4180	4190	4200	4210	4220	4230	4240	4250	4260	4270	4280	4290	4300	4310	4320	4330	4340	4350	4360	4370	4380	4390	4400	4410	4420	4430	4440	4450	4460	4470	4480	4490	4500	4510	4520	4530	4540	4550	4560	4570	4580	4590	4600	4610	4620	4630	4640	4650	4660	4670	4680	4690	4700	4710	4720	4730	4740	4750	4760	4770	4780	4790	4800	4810	4820	4830	4840	4850	4860	4870	4880	4890	4900	4910	4920	4930	4940	4950	4960	4970	4980	4990	5000	5010	5020	5030	5040	5050	5060	5070	5080	5090	5100	5110	5120	5130	5140	5150	5160	5170	5180	5190	5200	5210	5220	5230	5240	5250	5260	5270	5280	5290	5300	5310	5320	5330	5340	5350	5360	5370	5380	5390	5400	5410	5420	5430	5440	5450	5460	5470	5480	5490	5500	5510	5520	5530	5540	5550	5560	5570	5580	5590	5600	5610	5620	5630	5640	5650	5660	5670	5680	5690	5700	5710	5720	5730	5740	5750	5760	5770	5780	5790	5800	5810	5820	5830	5840	5850	5860	5870	5880	5890	5900	5910	5920	5930	5940	5950	5960	5970	5980	5990	6000	6010	6020	6030	6040	6050	6060	6070	6080	6090	6100	6110	6120	6130	6140	6150	6160	6170	6180	6190	6200	6210	6220	6230	6240	6250	6260	6270	6280	6290	6300	6310	6320	6330	6340	6350	6360	6370	6380	6390	6400	6410	6420	6430	6440	6450	6460	6470	6480	6490	6500	6510	6520	6530	6540	6550	6560	6570	6580	6590	6600	6610	6620	6630	6640	6650	6660	6670	6680	6690	6700	6710	6720	6730	6740	6750	6760	6770	6780	6790	6800	6810	6820	6830	6840	6850	6860	6870	6880	6890	6900	6910	6920	6930	6940	6950	6960	6970	6980	6990	7000	7010	7020	7030	7040	7050	7060	7070	7080	7090	7100	7110	7120	7130	7140	7150	7160	7170	7180	7190	7200	7210	7220	7230	7240	7250	7260	7270	7280	7290	7300	7310	7320	7330	7340	7350	7360	7370	7380	7390	7400	7410	7420	7430	7440	7450	7460	7470	7480	7490	7500	7510	7520	7530	7540	7550	7560	7570	7580	7590	7600	7610	7620	7630	7640	7650	7660	7670	7680	7690	7700	7710	7720	7730	7740	7750	7760	7770	7780	7790	7800	7810	7820	7830	7840	7850	7860	7870	7880	7890	7900	7910	7920	7930	7940	7950	7960	7970	7980	7990	8000	8010	8020	8030	8040	8050	8060	8070	8080	8090	8100	8110	8120	8130	8140	8150	8160	8170	8180	8190	8200	8210	8220	8230	8240	8250	8260	8270	8280	8290	8300	8310	8320	8330	8340	8350	8360	8370	8380	8390	8400	8410	8420	8430	8440	8450	8460	8470	8480	8490	8500	8510	8520	8530	8540	8550	8560	8570	8580	8590	8600	8610	8620	8630	8640	8650	8660	8670	8680	8690	8700	8710	8720	8730	8740	8750	8760	8770	8780	8790	8800	8810	8820	8830	8840	8850	8860	8870	8880	8890	8900	8910	8920	8930	8940	8950	8960	8970	8980	8990	9000	9010	9020	9030	9040	9050	9060	9070	9080	9090	9100	9110	9120	9130	9140	9150	9160	9170	9180	9190	9200	9210	9220	9230	9240	9250	9260	9270	9280	9290	9300	9310	9320	9330	9340	9350	9360	9370	9380	9390	9400	9410	9420	9430	9440	9450	9460	9470	9480	9490	9500	9510	9520	9530	9540	9550	9560	9570	9580	9590	9600	9610	9620	9630	9640	9650	9660	9670	9680	9690	9700	9710	9720	9730	9740	9750	9760	9770	9780	9790	9800	9810	9820	9830	9840	9850	9860	9870	9880	9890	9900	9910	9920	9930	9940	9950	9960	9970	9980	9990	10000
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1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580
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Wednesday's 4 p.m. Close
(Continued)

12 Month										
High	Low	Stock	Div	Yld	PE	Sts	High	Low	Latest	Chg

12 Month High Low Stock	Div	Yld Pct	Stk Size	High	Low	Last	Change
274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352	 <						

姓名	性别	年龄	籍贯	职业	住址	备注
王德胜	男	45	山东	工人	XX路XX号	
李秀英	女	38	河北	教师	XX街XX号	
张国强	男	52	河南	农民	XX村XX组	
刘小红	女	28	江苏	医生	XX医院	
陈大伟	男	35	浙江	工程师	XX公司	
赵子龙	男	40	安徽	商人	XX街XX号	
周美兰	女	30	湖北	护士	XX医院	
吴建民	男	48	江西	工人	XX厂	
孙丽娟	女	33	湖南	教师	XX学校	
郑永年	男	55	四川	农民	XX村XX组	
冯小芳	女	25	广东	学生	XX大学	
马志远	男	42	广西	工人	XX厂	
徐文娟	女	36	福建	教师	XX学校	
郭伟明	男	50	山西	商人	XX街XX号	
梁小红	女	29	陕西	护士	XX医院	
周建民	男	44	甘肃	工人	XX厂	
孙丽娟	女	31	宁夏	教师	XX学校	
郑永年	男	53	青海	农民	XX村XX组	
冯小芳	女	27	新疆	学生	XX大学	
马志远	男	41	内蒙古	工人	XX厂	
徐文娟	女	34	吉林	教师	XX学校	
郭伟明	男	49	辽宁	商人	XX街XX号	
梁小红	女	28	黑龙江	护士	XX医院	
周建民	男	43	河北	工人	XX厂	
孙丽娟	女	32	山东	教师	XX学校	
郑永年	男	54	河南	农民	XX村XX组	
冯小芳	女	26	江苏	学生	XX大学	
马志远	男	40	浙江	工人	XX厂	
徐文娟	女	35	安徽	教师	XX学校	
郭伟明	男	51	湖北	商人	XX街XX号	
梁小红	女	29	湖南	护士	XX医院	
周建民	男	45	江西	工人	XX厂	
孙丽娟	女	33	福建	教师	XX学校	
郑永年	男	56	山西	农民	XX村XX组	
冯小芳	女	28	陕西	学生	XX大学	
马志远	男	42	甘肃	工人	XX厂	
徐文娟	女	37	宁夏	教师	XX学校	
郭伟明	男	52	青海	商人	XX街XX号	
梁小红	女	30	新疆	护士	XX医院	
周建民	男	46	内蒙古	工人	XX厂	
孙丽娟	女	34	吉林	教师	XX学校	
郑永年	男	57	辽宁	农民	XX村XX组	
冯小芳	女	29	黑龙江	学生	XX大学	
马志远	男	43	河北	工人	XX厂	
徐文娟	女	38	山东	教师	XX学校	
郭伟明	男	53	河南	商人	XX街XX号	
梁小红	女	31	江苏	护士	XX医院	
周建民	男	47	浙江	工人	XX厂	
孙丽娟	女	35	安徽	教师	XX学校	
郑永年	男	58	湖北	农民	XX村XX组	
冯小芳	女	30	湖南	学生	XX大学	
马志远	男	44	江西	工人	XX厂	
徐文娟	女	39	福建	教师	XX学校	
郭伟明	男	54	山西	商人	XX街XX号	
梁小红	女	32	陕西	护士	XX医院	
周建民	男	48	甘肃	工人	XX厂	
孙丽娟	女	36	宁夏	教师	XX学校	
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马志远	男	45	内蒙古	工人	XX厂	
徐文娟	女	40	吉林	教师	XX学校	
郭伟明	男	55	辽宁	商人	XX街XX号	
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周建民	男	49	河北	工人	XX厂	
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徐文娟	女	41	安徽	教师	XX学校	

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ASIA/PACIFIC

Inc Region's Growth Slows, but a 'Soft Landing' Is Seen

By Michael Richardson
International Herald Tribune

SINGAPORE — The rapid economic growth around the Pacific Rim is tapering off, but there appears little risk of a regional recession despite a faltering recovery in Japan, a slowdown in the United States and a backwash from the financial crisis in Mexico, a panel of forecasters said Wednesday.

In an annual report prepared for the Pacific Economic Cooperation Council, the forecasters said growth, adjusted for inflation, would slow to 4 percent in 1995 from 4.1 percent in 1994 and 4.7 percent in 1993.

It also said inflation would rise to 4.6 percent this year from 3.9 percent in 1994, then slip to 4.1 percent in 1995.

The survey covers 18 developed, newly industrializing and developing countries in East Asia, Australasia and the Americas that make up one of the most dynamic regions of the world. Excluding Japan and the United States, the group is expected to show growth of 5.8 percent in 1995, down from 6 percent in 1994 and 7 percent in 1993.

Lawrence B. Krause, a professor of Pacific economic cooperation at University of California in San Diego who coordinated the survey, said, "The story these numbers are portraying is one of a soft landing for the region as a whole."

Achieving a soft landing, a slowdown in growth without recession, in 1995-96 would be "as remarkable as the spurt of growth experienced in 1994."

But the report, prepared before the dispute between the United States and Japan over automobiles led to threats of trade sanctions, warned that if the yen appreciated too much against the dollar, it could undermine growth in Japan, which could lead to recession there, inflation in America and disruption elsewhere around the Pacific, where many currencies are linked to the dollar or the yen.

The survey predicts Japan's economy will expand 2.8 percent in 1995, up from 1.2 percent in 1994 and 0.6 percent in 1993.

The Organization for Economic Cooperation and Development on Monday cut its forecast for Japan's growth in 1995 to 1.3 percent from 2.5 percent.

But Mr. Krause said Japan still might provide more stimulus to the region than its growth rate implied, as the strong yen would attract imports into Japan from other regional countries and prompt Japanese companies to invest in those countries.

China, which has the third-largest economy in the area after the United States and Japan, was hit by inflation of nearly 22 percent in 1994. Mr. Krause said inflation would remain a problem in China "as long as the core of the old industrial system remains, with state enterprises not being subject to a hard budget constraint."

— MICHAEL RICHARDSON

Hanoi's Energy Star Rises

Recent Discoveries Excite Oil Firms

By Michael Richardson
International Herald Tribune

SINGAPORE — Recent oil and gas discoveries in the South China Sea off southern Vietnam have sharply increased foreign companies' interest in the region despite the risk of reprisals by Beijing, which claims control of part of the area.

Oil company executives and analysts said Tuesday that six new finds in the past year, the most recent made just this month by a South Korean-led group, had led to a major upgrading of Vietnam's petroleum prospects and added gas to its list of potential export items. Vietnam already exports oil to Japan and other markets.

"Vietnam is likely to lead Asia in increased oil production over the next five to seven years," said Charles J. Johnson, an energy analyst at the East-West Center in Honolulu who regularly visits that country to meet with oil industry officials and foreign oil companies.

He said the recent discoveries would help Vietnam raise its oil output to between 450,000 and 500,000 barrels a day in five to seven years, about three times its present rate of production.

Mr. Johnson, a geologist and energy economist by training, also said Vietnam's recoverable offshore gas re-

serves were likely to triple to about 18 trillion cubic feet by 2010, enough for extensive exports as well as local use.

Vietnam is "potentially a very important gas province" for the Asia-Pacific region, where demand for the clean fuel is rising, said Les Blair, general manager of British Gas Exploration & Production (Vietnam) Pte. in Ho Chi Minh City.

Less than two years ago, a succession of disappointing drilling results caused Western companies to downgrade Vietnam's prospects.

Mr. Blair acknowledged that exploration had been "a bit of a roller coaster" but said recent finds by Western and Asian companies had encouraged new entrants to bid for exploration and production rights and prompted those already active offshore to commit more funds for drilling.

The BP-led group says recoverable reserves in its two fields total 2 trillion cubic feet (60 billion cubic meters) and that the basin could yield additional reserves of about 4 trillion cubic feet.

The group recently joined other foreign companies, including Mobil Corp. of the United States and Broken Hill Pty. of Australia, on a feasibility study of a pipeline that would link their gas fields to planned processing and transportation facilities on the mainland.

BP and its partners plan to start gas production in 1998. Executives of foreign oil companies said China's claim to some of the areas in the South China Sea was not holding back plans for commercial development of oil and gas reserves.

While foreign companies were aware of the risk involved, one executive said, most of them "feel the Chinese claim is unreasonable and will not be pursued."

— MICHAEL RICHARDSON

David Chang, the head of research at Sigma Bata, said, "They have to strike a balance between volume of sales and margins," said Darwin Santato with Baring Securities.

Indonesia has only two major domestic auto assemblers, PT Astra International and Indomobil, a division of PT Salim Group. Astra holds 55 percent of the passenger car market while Indomobil has about 30 percent.

More than 80 percent of the parts of the Toyotas and other cars that Astra assembles are imported. Analysts said the company's dominant position in the domestic market may allow it to keep prices up despite the drop in costs, increasing its profit margins.

"This will definitely help offset the yen and interest-rate problems," said

Foreigners Win Places In Singapore Telecoms

Agence France Presse

SINGAPORE — Singapore on Wednesday took a giant step toward liberalizing its telecommunications industry, awarding licenses to three foreign-linked companies as mobile-telephone and paging-service providers.

"It marks the most significant liberalization of Singapore's telecom industry so far," said Mah Bow Tan, the communications minister. "With more cellular-phone and paging operators entering the market, consumers can look forward to more new services at attractive prices."

Analysts said the long-term aim of the licenses was to benefit consumers by allowing competition with the national telecommunications provider, Singapore Telecommunications Ltd.

Mobile One (Asia) Ltd., a consortium with Hong Kong interests, won a coveted permit to operate Singapore's second cellular network and another license to run a paging service.

Mobil One is a partnership among Keppel Group, SPH Multimedia and Great Eastern Telecommunications Ltd., itself a joint venture between Hong Kong Telecom and its parent, Cable & Wireless PLC.

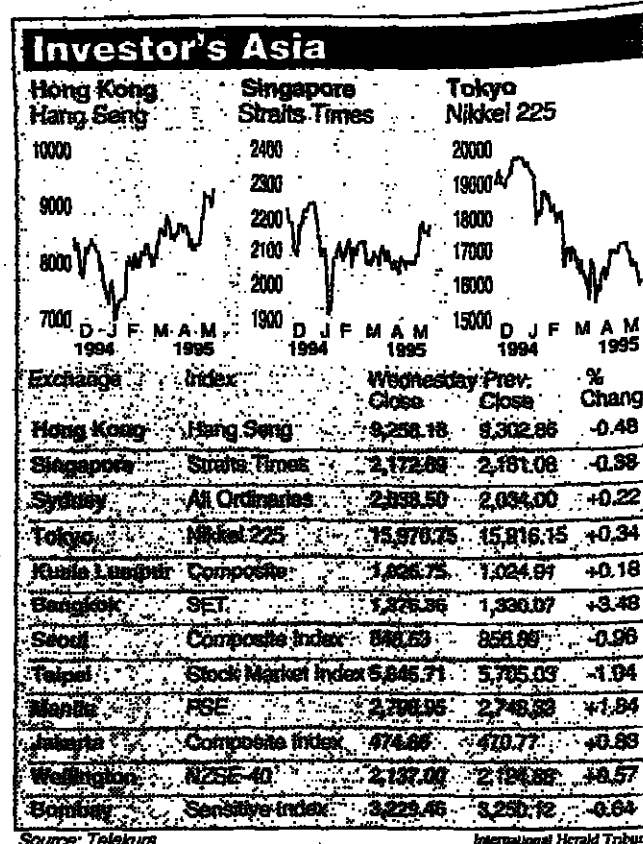
The two other companies winning paging licenses were Intrapage and ST Paging. Hong Kong-based Hutchison Telecommunications Ltd. has a 40 percent stake in Intrapage, the rest of which is 30 percent owned by the Singapore-based Intrapage Ltd. and Teledata (Singapore) Ltd.

ST Paging is a consortium of the local companies Singapore Technologies Ventures Pte. and Comfort Group Ltd., along with the U.S.-based BellSouth Worldwide Holdings.

The licenses will be permitted to begin technical preparations immediately and to commence full operations on April 1, 1997, officials said.

Singapore's cellular-phone and paging-services market has been estimated at \$320 million annually.

Mr. Mah said Singapore remained committed to the idea that giving market forces a free rein was the best way to ensure a great variety of services at competitive prices.



Very briefly:

- East Japan Railway Co.'s consolidated pretax profit fell to 108.1 billion yen (\$1.24 billion) in the year to March from 110 billion yen in the previous year as the earthquake in Kobe in January and the gas attack in Tokyo in March depressed transport revenue.
- Mitsubishi Heavy Industries Ltd.'s consolidated pretax earnings rose 21 percent, to 155 billion yen, in the year to March; sales rose 2 percent.
- ANZ Banking Group Ltd.'s net profit rose to 487 million Australian dollars (\$349.8 million) in the six months to March 31 from 364 million dollars in the year-ago period as loan income rose and bad debts dropped.
- Malaysia's government does not plan to restrict auto or housing loans to rein in economic growth, but the government does plan to take steps to increase savings and control prices on some items.
- China will set up a 100 percent, privately owned bank dedicated to financing growth of the country's private sector.
- Hinduja Group Ltd., one of the largest conglomerates in India, said it was close to forming a cable-television partnership in the country with a leading international media company, which it did not specify.

AFP, Reuters, Bloomberg

Deregulation Is a Boon for Jakarta's Car Industry

Bloomberg Business News
JAKARTA — Indonesia's automobile industry, one of the most heavily taxed in the world, will get an immediate lift from a government economic-liberalization package, analysts said Wednesday.

The government's package, unveiled Tuesday, reduces effective tax rates on fully assembled car imports to 200 percent from 275 percent. Taxes on imported auto components were lowered to 65 percent from 100 percent.

"This is certainly going to be more favorable for the domestic producers

than the importers," said an analyst at Credit Lyonnais. "When the import tariffs on assembled cars come all the way down, the assemblers will have to match international production costs."

A drop in the tariffs could not have come at a better moment. Indonesia's automobile distributors and producers have been faced with the double whammy of domestic interest rates near 20 percent and a soaring yen exchange rate this year.

"This will definitely help offset the yen and interest-rate problems," said

David Chang, the head of research at Sigma Bata.

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Most Indonesian airline companies are suffering liquidity problems and have run up huge debts with the company that manages the country's airports, according to the state-owned Antara news agency, Knight-Ridder reported.

The situation is so critical that the national carrier PT Garuda Indonesia has been threatened with a cut in telephone and power supply at Jakarta's Soekarno-Hatta airport

Japanese Insurers Post Gains

Bloomberg Business News

TOKYO — Casualty insurers posted healthy profit gains Wednesday, with little or no effect from the devastating Kobe earthquake because few residents of the Kobe area had earthquake insurance.

A reserve fund created by the insurance industry and government covered the estimated 130 billion yen (\$1.49 billion) in payments related to the Kobe disaster.

ter in January, the Marine and Fire Insurance Association said.

Tokio Marine & Fire Co., Japan's biggest nonlife insurer, said its current profit jumped 21 percent, to 92.58 billion yen, in the year ended March 31, far above analysts' forecasts of 75 billion to 80 billion yen.

Yasuda Marine & Fire Co. reported a 13 percent increase, to 37.33 billion yen.

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July 1, 2001

There's No Accounting for Hollywood Bookkeeping

Los Angeles Times Service
LOS ANGELES — "Forrest Gump," the Academy Award-winning movie starring Tom Hanks as a simple man who believed the best about people, has sold a staggering \$661 million of tickets worldwide — the fourth-highest-grossing global release of all time.

So it was understandable that eyebrows would be raised when a confidential accounting of the movie by Paramount Pictures recently surfaced showing "Gump" had not made a profit as of Dec. 31 — even though the film by then had brought in more than \$350 million at the box office.

Indeed, Paramount's financial statement asserted that "Gump" had actually lost \$62 million at year-end.

Now, Winston Groom, the former journalist whose novel was the basis of the film, has hired a prominent lawyer to seek answers from the studio. Mr. Groom, who was paid in advance for the movie rights to his book, also is to receive 3 percent of any net profit on the film.

"We're meeting with Paramount very soon," said the lawyer, Pierce O'Donnell — who won a court victory over Paramount on behalf of the newspaper columnist Art Buchwald in a similar case involving the film "Coming to America."

"Groom would like to work this out amicably," Mr. O'Donnell said. "He believes strongly that this is an unfair method of accounting."

Mr. O'Donnell said Mr. Groom was unavailable for comment.

For some, the Gump affair raises a question: Can a big movie ever make a net profit using Hollywood accounting practices?

Paramount executives refused to comment. But sources at the studio said they were stunned by Mr. Groom's actions and by any suggestion that the studio was playing tricks with its accounting on "Gump" or had been unfair to net-profit participants.

The sources say that even though the film has yet to show a net profit, studio executives believe it eventually will. Paramount has already paid out about \$3 million to those who have net-profit positions on the movie — and Paramount has offered a \$250,000 check to Mr. Groom as a "gift."

"They tried to give money to Winston," said the source, who asked not to be identified. "I think he may not understand. All we are trying to do is give him \$250,000 as an advance, no strings attached. We're not trying to take money from anybody."

Mr. O'Donnell said the payment "would be a way of buying him off and making him go away." He said the amount was rejected because "he thought it was too light."

Mr. O'Donnell said Mr. Groom happened to know Mr. Buchwald, and the two writers have been comparing notes about Paramount's accounting practices — even though Mr. Buch-

wald's case occurred under a previous management, long before Viacom Inc. took over Paramount Communications Inc.

In Mr. Buchwald's case, a judge termed Paramount's net profit formula "unconscionable." Paramount has appealed the verdict.

In that case, Mr. O'Donnell said, Paramount said that even though "Coming to America" had gross box-office receipts of \$160 million, it was unlikely to show a net profit. That prompted Mr. Buchwald to quit, "If Paramount keeps selling 'Coming to America,' they're going to go broke."

Mr. Buchwald confirmed this week that he and Mr. Groom had discussed the issue. "I think Paramount, if they had any brains at all, would settle with him," Mr. Buchwald said, adding that in Hollywood, net profit meant nothing.

"Forrest Gump" is the best example of that," Mr. Buchwald said. Why, he asked, would Paramount "want to cheat Winston Groom out of 3 percent when it's his story?"

While Mr. Groom is wondering where all the money is going, other net-profit participants are defending Paramount.

Steve Tisch, who co-produced the film, and Eric Roth, who wrote the screenplay, confirmed that Paramount had advanced them money against future profit — a clear sign the studio eventually expected to show a profit on the movie.

Mr. Tisch, who produced the movie along with Wendy Finerman and Steve Starkey, said he

wanted to wait until additional revenue from video sales, television and merchandising rights to "Gump" started showing up.

If the movie does not show a profit by the autumn, Mr. Tisch said, "then I think there is reason for concern." He added: "When I feel it is time to audit Paramount, I'm going to do it. I feel I've been treated extremely well by Paramount."

Mr. Tisch deferred his producer's fee of \$250,000 to make the movie, sweetening his deal in the later stages.

Mr. Roth said Paramount had been "generous" to him, paying advances in addition to fees he had received to write the screenplay and make script revisions.

Critics of studio accounting say "Gump" provides proof that net profits are rare, especially on big films. "There is a greater chance that a writer will be struck by lightning than that he will get any net profits in a high-budget movie with a big star and a big director," Mr. O'Donnell said.

Mr. Hanks, whose portrayal of the Gump character won him the Academy Award for best actor, and Robert Zemeckis, who won the Oscar for best director, will earn a percentage of the gross.

Sources say Mr. Hanks and Mr. Zemeckis each could make \$30 million to \$40 million because they have "first-dollar" deals, sharing the box-office receipts that Paramount receives after the film's exhibitors have been paid.

Viacom's Battle Over Stock Price Turns Intramural

By Geraldine Fabrikant
 New York Times Service

NEW YORK — Viacom Inc., currently grabbing attention for the release on video of its Academy Award-winning film "Forrest Gump," also is quietly fighting to lift its stock price.

All companies are concerned about their stock prices, of course, but this battle has an unusual twist: Many holders of Viacom securities would be better off if the stock's price stayed flat or fell over the next few months.

The behind-the-scenes battle concerns a set of derivative securities known as CVRs, for contingent-value rights, and VCRs, for variable-common rights.

Viacom issued such paper to shareholders of Paramount Communications Inc. and Blockbuster Entertainment Corp. last year, as part of its acquisition of both companies, to try to assure the holders that they would not suffer even if Viacom stock performed poorly. Thus, if Viacom's stock price falls, the value of these derivatives rises.

Viacom stands to profit if the price of its Class B shares rises above \$48 for a certain period, and to profit still more if the price exceeds \$52 for another period.

The price used in the calculation is the daily closing on the American Stock Exchange — which was \$47.75 on Tuesday, up 25 cents. The price before the close, or on other exchanges where the stock is traded, does not count. That has focused attention on the Amex trading of Viacom's Class B shares, particularly late in the day.

Some arbitrageurs, whose job depends on paying close attention to small and fleeting price differences, say the stock tends to close a bit higher than one might expect and wonder whether this reflects a conscious effort to push the price up. Others say they see signs

of selling late in the day to depress the price. Every stock has two prices: the bid price at which buying orders are placed, and the asked price at which someone is willing to sell. Normally, a stock's last trade of the day would be at the bid price about as often as at the asked price.

But traders say Viacom's Class B shares have closed at the asked price more than four times as often as at the bid price during the computation period.

For the CVR securities, Viacom will calculate the average closing stock price for each 20-day period from April 12 to July 7. If the median price of the 20-day averages is higher than \$48, the rights expire worthless.

If the median price is lower, however, Viacom must either pay holders the difference between \$48 and the lower price in cash or securities, or roll the commitment forward a year, with a trigger of \$51 a share. There are 55 million of the rights outstanding, so if the share price averaged \$47.75, it would cost Viacom \$13.75 million.

The other securities, the so-called VCRs, represent an even greater potential payout, although it would be made in new common shares, not in cash or other securities.

For those securities, Viacom takes the average closing price for its Class B shares over each 30-day trading period from Tuesday through Sept. 29. If even one of those 30-day averages is more than \$52, the rights expire worthless.

But if it fails to average \$52 over any of those periods, Viacom could have to issue as many as 17 million shares to holders of the rights.

As one result of all the activity, Viacom has accounted for about 18 percent of the Amex's trading volume so far this year, according to Nicholas Waltner, a vice president for equity derivatives at Salomon Brothers Inc.

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Special Items Hurt TNT

Compiled by Our Staff From Dispatches

SYDNEY — TNT Ltd. said Wednesday its after-tax profit dropped 60 percent in the nine months ended in March, as earnings slumped at its Ansett Airlines and Spanish freight operations.

The transportation company said equity-accounted profit after one-time items in the three quarters was 34.8 million Australian dollars (\$25 million), compared with 85.5 million dollars a year earlier. Revenue rose 9 percent, to 4.65 billion dollars.

The result included a one-time loss of 14.7 million Australian dollars attributed to foreign-exchange losses and for restructuring the Spanish freight operations. Profit in the year earlier period included one-time gains of 56 million dollars.

Excluding the special items, TNT's nine-month profit rose to 49.5 million dollars from 28.8 million dollars.

"Take out the problem areas like Spain and Ansett, whose problems were flagged to the market in advance, and the result doesn't look too bad," said Rowan Carr, an analyst at F.W. Holst & Co. TNT said it was still reviewing its Spanish operations.

(Bloomberg, Reuters)

CONVERTFUND INTERNATIONAL

(liquidated)

Société d'Investissement à Capital Variable
 L-1118 Luxembourg 11, rue Aldringen
 R.C. Luxembourg B 8129

NOTICE TO SHAREHOLDERS

The closing of the liquidation is approved by the Extraordinary General Meeting of Shareholders held on May 22, 1995.

A liquidation dividend per share of USD 20.522 per "A" share and USD 75.971 per "B" share is payable on May 24, 1995 upon remittance of certificates and coupons attached to Kredithank S.A. Luxembourg, 13, boulevard Royal, Luxembourg.

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SPORTS

Wings and Hawks Take 2-0 Leads

The Associated Press
The Detroit Red Wings were nearly perfect against the San Jose Sharks. Yet, they said, that wasn't good enough.

"We're going to have to play better," forward Shawn Burr said after the 6-2 rout of the Sharks on Tuesday night gave Detroit a 2-0 lead in a Western

NHL PLAYOFFS

Conference semifinal. "In two games, we've only played four good periods. We need to play 60-minute games."

The series moves to San Jose, with Game 3 set for Thursday. Chicago also swept the first two games in its series with Vancouver. Game 3 will be played Thursday in Vancouver.

The Red Wings got first-period goals from Paul Coffey, Sergei Fedorov, Steve Yzerman and Dino Ciccarelli as they quickly blew away the Sharks. Fedorov and Doug Brown scored the next period, making it 6-0.

"They were good and we were bad," San Jose forward Chris Tardiff said. "They're too good of a team to fall behind like that. They'll eat you up alive."

Coffey also had an assist, giving him 164 playoff points and a tie with Denis Potvin for most playoff points by a defenseman in NHL history.

Coach Scotty Bowman said the Red Wings got careless in

the third period. A six-goal lead will do that, he said.

And that period the Sharks did end a season-long scoring drought in Detroit with goals by Mike Rathje and Ulf Dahlén.

Rathje's goal, 6:01 into the period, ended his team's stretch of 232 minutes, 36 seconds without a goal in Joe Louis Arena. The last time the Sharks had scored in Detroit was on Jamie Baker's game-winning at 13:25 of the third period in Game 7 of a first-round series last season.

"It's frustrating," Dahlén said. "We've got to score some goals. That first period was probably the best I've seen any team play this season."

Said Burr: "We can play better, believe me."

Blackhawks 2, Canucks 0: In Chicago, Jim Cummins scored his first playoff goal, Patrick Poulin added the third-period clincher and goalie Ed Belfour, who tied for the NHL lead with five shutouts this season, got his second in a playoff game.

The other game three years ago during the Blackhawks' run to the Stanley Cup finals. His best save was a diving stick stop of a shot by Geoff Courtnall just moments before Poulin's breakthrough goal at 5:48 of the third period.

The Blackhawks also got Jeremy Rona back, as he played for the first time since hurting his knee April 2.



Kirk McLean stopped them high and low, but couldn't match Chicago's Ed Belfour.

Angels Bruise Yankees, 10-0, Despite Ball That Got Away

The Associated Press
Jim Edmonds got his first two-homer game in the majors, and all he was talking about was a catch he didn't make.

The California center fielder gave an all-out effort for a catch that would have closed nominations for play of the year. He couldn't come up with the ball on a second and third try, and Russ Davis had a sixth-inning triple. So Chuck Finley no longer had a no-hitter.

The Angels cruised to a 10-0 victory over the New York Yankees on Tuesday night as Finley finished with a two-hitter and matched his career-high with 15 strikeouts. Still, there was almost the catch.

Edmonds raced back, leaped and batted the ball in his glove, but banded into the fence and it popped out. He groped for the ball as he fell and juggled it, but the ball finally dropped to the ground just out of his reach.

At the end of the inning, Finley waited in front of the dugout for Edmonds and shook his hand.

"I was determined to catch the ball, no matter where it was. I knew he had a no-hitter going," Edmonds said. "When we came back to the dugout, he said, 'Great effort,' and that he thought it was going to be a home run."

Finley, who has a one-hitter to his credit, also allowed a two-

out bloop single to Randy Velarde in the ninth and two walks, one in each of the last two innings. He is now 1-4 this season.

The Angels won their fifth straight by doing a lot of trotting. Edmonds had two homers, while Tony Phillips and Tim Lincecum each hit one. The long-

AL ROUNDUP

ball barrage ruined the major league debut of Mariano Rivera, who was pressed into service when Jimmy Key went on the disabled list.

Indians 5, Brewers 3: Omar Vizquel matched his season high for homers with his second in two games as Cleveland won its 11th of 14, while visiting Milwaukee dropped its eighth of 10. Vizquel ended a string of 33 at-bats without a home run Monday night, then came up with another just five at-bats later to make it 5-1 in the fourth.

Paul Sorrento had three hits, including two doubles, and Jim Thome homered for Cleveland.

Tigers 6, Twins 4: Alan Trammell's two-run single keyed a five-run fifth as Detroit rallied for a rain-shortened, seven-inning victory that extended its winning streak to a season-best four games.

Blue Jays 10, Royals 6: Alex Gonzalez, a rookie, hit his first

two major league homers and drove in four runs as Toronto, playing at home, snapped a three-game losing streak.

Orioles 8, Athletics 1: Kevin Brown pitched a four-hitter in Oakland and struck out nine for his first complete-game victory since last July 5, when he was with Texas. He allowed three singles and a triple by Eric Helander, who scored on a sacrifice fly by Rickey Henderson in the sixth.

Rafael Palmeiro hit his eighth homer and drove in three runs for Baltimore, while Cal Ripken broke an 0-for-14 slump with a two-run triple, and Kevin Bass added three hits and two RBIs.

Red Sox 5, Mariners 4: Ron Mahay walked with the bases loaded in the top of the 10th as Boston ended a three-game losing streak. Steve Frey, acquired in a trade with San Francisco on Saturday, got two outs to open the 10th before walking, two and hitting a batter, Mahay, who was with the Red Sox as a replacement player, walked on a 3-2 pitch.

Troy O'Leary's two-run triple and John Valentin's RBI single in the seventh gave the Red Sox a 4-4 tie. Seattle took a 4-0 lead in the fourth on solo homers by Darren Bragg, his first in the majors, and Jay Buhner.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE			
East Division			
Team	W	L	Pct.
Boston	12	10	.545
New York	12	10	.545
Detroit	12	10	.545
Toronto	11	14	.438
Baltimore	10	12	.455
Central Division			
Cleveland	16	7	.692
Minnesota	12	12	.500
Kansas City	10	14	.417
Chicago	8	14	.364
Minnesota	8	17	.320
West Division			
California	16	9	.640
Oakland	12	12	.500
Texas	12	12	.500
Seattle	12	12	.500
NATIONAL LEAGUE			
East Division			
Philadelphia	16	6	.727
Atlanta	15	10	.609
Montreal	15	10	.609
New York	10	15	.400
Florida	8	19	.296
Central Division			
Chicago	16	8	.667
Cincinnati	13	11	.542
St. Louis	12	12	.500
Pittsburgh	11	13	.458
St. Louis	9	15	.375
West Division			
Colorado	15	11	.577
San Francisco	13	14	.481
Los Angeles	11	14	.438
San Diego	11	14	.438

Tuesday's Line Scores

AMERICAN LEAGUE			
Minnesota	10	0	0
Cleveland	12	0	0
Seattle	12	0	0
San Francisco	12	0	0
San Diego	12	0	0
San Francisco	12	0	0
San Diego	12	0	0
San Francisco	12	0	0
San Diego	12	0	0

Baseball

Los Angeles 10, Yankees 0: Jim Edmonds hit two home runs, and Chuck Finley pitched a two-hitter to lead the Angels to a 10-0 victory over the Yankees on Tuesday night.

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Maddux Is Back, With 5-Hitter

The Associated Press
It didn't take Greg Maddux too long to bounce back from his worst outing of the season.

He pitched five perfect innings and wound up with a five-hitter Tuesday night as the Atlanta Braves beat the St. Louis Cardinals, 7-1.

"It seemed like he had strike one on every batter," said the Braves' manager, Bobby Cox. "They had two infield hits and a blooper over first base and he only had 70 pitches going into the eighth. He was as sharp as he can be."

In his previous start, Maddux allowed six runs in a 6-3 loss to Colorado. Against St. Louis, he struck out eight, walked none and lowered his earned-run average from 3.16 to 2.68.

"All five of my pitches were working," he said. "I rely on my location. My stuff is not that good."

David Justice hit a two-run homer in the fourth. Mike Kelly, who had been hitting .196, hit a three-run, opposite-field homer in the sixth.

Phillies 6, Giants 5: Rod Beck didn't get his 100th major league save, and visiting San Francisco wasted Matt Williams' league-leading 11th homer.

Beck, who walked three in 1 1/2 innings, had a 5-4 lead in the ninth. Darren Daulton tied it with an RBI single and Kevin Stocker won it with a sacrifice fly that scored Dave Hollins,

giving Philadelphia its 15th victory in 18 games. Hollins walked four times, increasing his major league-leading total to 32.

Reds 10, Astros 5: Darryl Kile walked seven batters, hit two more and threw two wild pitches as Houston lost in Cincinnati. Kile led in one run with

NL ROUNDUP

a wild pitch, walked home another, and left with the bases loaded in the fourth after walking two and hitting Reggie Sanders.

Pedro Martinez walked Eddie Taubensee, forcing in a run that made it 5-3. Bret Boone then cleared the bases with a double, as the Reds won their 12th in 15 games.

Dodgers 6, Mets 4: Tim Lincecum hit a three-run homer in the fourth. Mike Kelly, who had been hitting .196, hit a three-run, opposite-field homer in the sixth.

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giving Philadelphia its 15th victory in 18 games. Hollins walked four times, increasing his major league-leading total to 32.

Expos 6, Padres 4: Mike Lansing hit first major league grand slam, and Jeff Fassero became the NL's first five-game winner as Montreal won its 14th straight against visiting San Diego.

Cubs 7, Rockies 6: Kevin Foster struck out nine in 6 1/2 innings and helped himself with a home as visiting Chicago beat Colorado. The game drew 43,226 despite a game-time temperature of 38 degrees and a persistent drizzle.

Foster also drove up homers to Andres Galarraga, pitcher Marvin Freeman and Larry Walker, accounting for Colorado's first five runs.

The Daiei Hawks, accused of former National League slugger Kevin Mitchell of violating his contract, told him Wednesday they won't pay him this month.

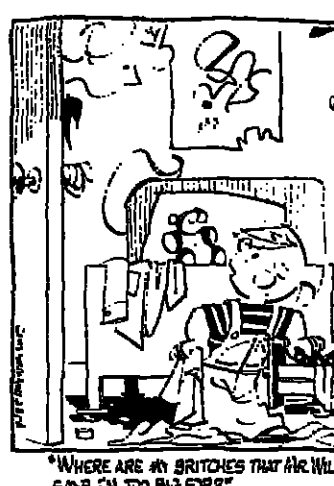
Mitchell, who says he hurt his right knee April 15, has been sitting out games. The Japanese team says doctors believe the injury is not serious, and Wednesday asked him to go to a farm team while recovering.

Mitchell, 33, left the Cincinnati Reds as a free agent to play for the Hawks for an estimated \$4.5 million.

He was not available for comment, but Kyodo News Service quoted him as saying: "I won't play if I can't get money."

Gregg was 3-for-3 with three RBIs to support Hammond.

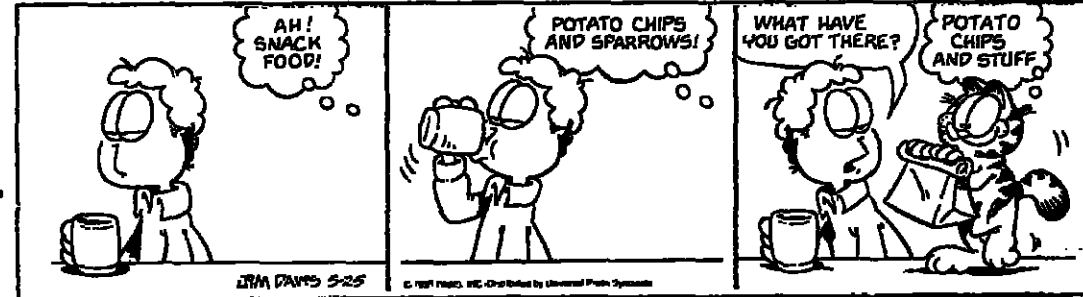
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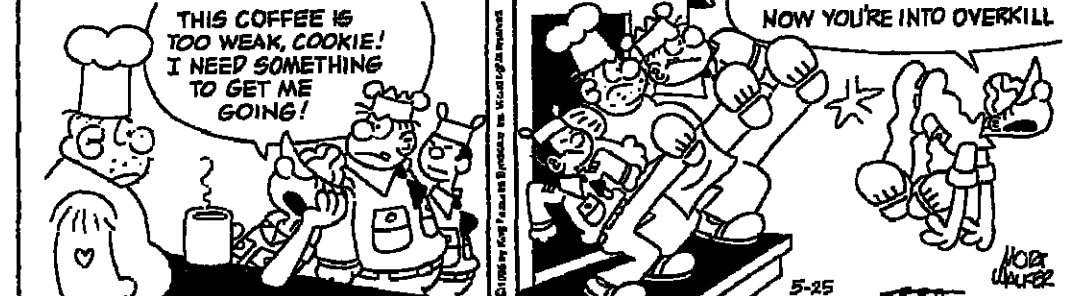
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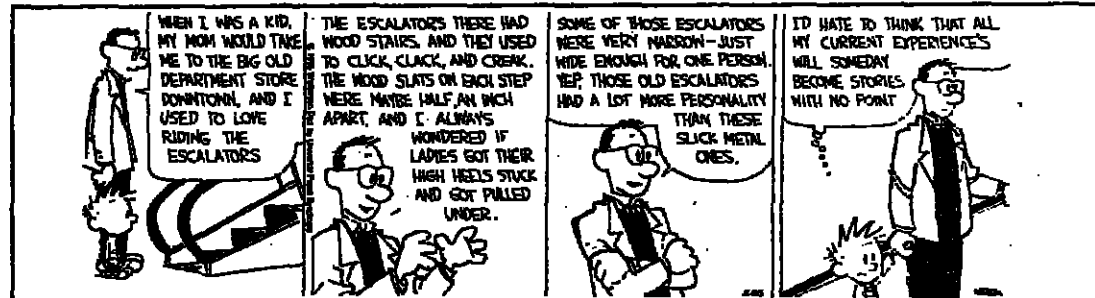
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